

SEIZED

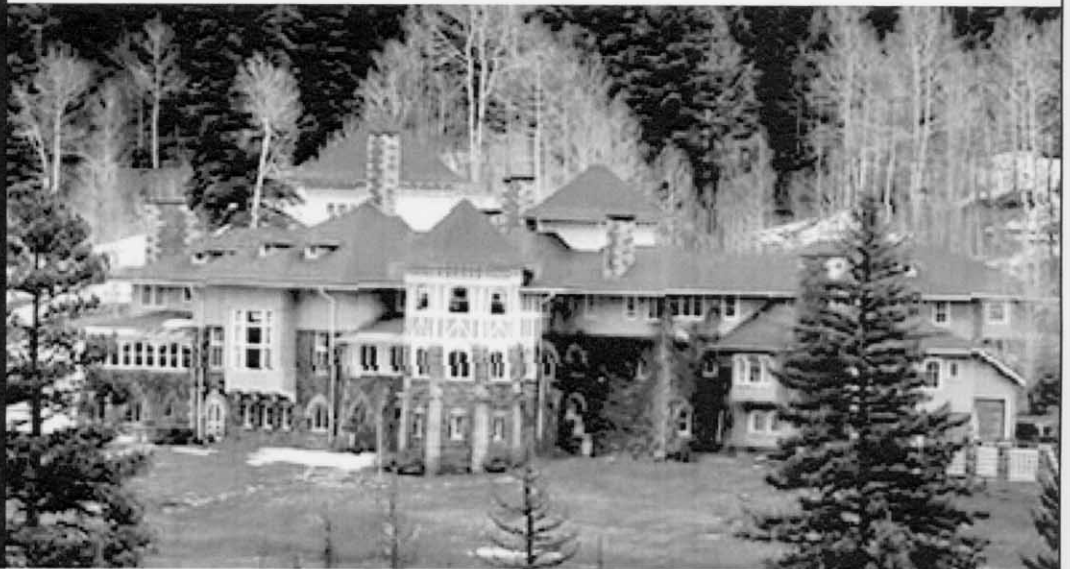
US Department of the
Treasury in conjunction
with IRS-CI

PUBLIC AUCTION



- Auction Date: March 19 at 2:00pm
- Auction Location:
The Glenwood Springs
Community Center
100 Wulfsohn Rd.
Glenwood Springs, CO
- Bidders Conference: March 11
at 7:00pm - Redstone Inn
- Preview by Appt only, call
888-300-6290 ext. 286
for details.
- Detailed Information
Packages Available (DIP)
- Parcels to be offered
individually and in groups.
- Furnishings & antiques
included with the castle
parcel.

Historic Redstone Castle



Redstone Castle – 58 Redstone Blvd., Redstone Colorado

Formerly known as Cleveholm Manor, built in 1897 on 72⁺ acres, 15 bdrms, 11 ba, library, maids rm, nursery, coachman quarters, dormitory, walk-in vault, game room, wine cellar, elevator, armory. Frontage along the Crystal River, and More!

Carriage House – 36⁺ acres, 4,792⁺ sq. ft, 3 bdrm, 2 bath, custom kitchen, etc.

Stable Complex – 42⁺ acres of meadow & forest, horse, car, hay & equip., barns, covered riding arena, stables, original Osgood kennels.

Victorian Style Home – 410 Redstone Blvd.

2 bedroom, 3 bath, with studio apartment.

www.treas.gov/auctions/customs


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DETAILED INFORMATION PACKAGE

**REDSTONE CASTLE
REDSTONE, COLORADO**

The information contained in this Detailed Information Package (DIP) and other documents for review is provided to assist potential bidders in performing their own due diligence and analysis of the property. Property data is for the internal use of the bidder and is not intended to be the sole source of information. Bidders should rely on their own thorough analysis to determine the value of the properties and the properties' condition. The property is being sold "as is". No representations or warranties are made on the content, accuracy, and completeness of the information in this package.

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NOTE: A copy of any and all additional supporting documentation will be provided to interested parties as it becomes available.

REDSTONE CASTLE NARRATIVE

REDSTONE CASTLE HISTORY

The Castle Story relives the industrialism of the west. Fortunes were made in iron, steel, coal, railroads and oil. Wealth was won, lost and consumed.

One of the richest and most private men in America at the turn of the 20th century was John C. Osgood. He was one of the elite industrialists labeled the Robber Barons. Osgood, a self-made man, was a perplexing mix of feudalism, capitalism and industrial paternalism.

Osgood, in the spirit of his time, built the opulent Redstone Castle for himself and his succession of three wives Irene, Alma and Lucile.

Architects Boals & Harnois, not only designed the Castle, but built the entire village within a three year period. There was a schoolhouse, clubhouse, and worker housing all in a harmonious style.

Redstone was a model company town, part of a sociological experiment conducted by Osgood and the company sociologist Dr. Corwin.

DESCRIPTION OF PROPERTY

The Redstone Castle property which is the subject of this auction is made up of four (4) separate and distinct parcels of land with improvements as described below.

- Redstone Castle Parcel.

Redstone Castle, which is sometimes known as “Cleveholm Manor” is located in Redstone, Colorado, on 72 +/- acres. The castle has a total of 42 rooms and 20,559 +/- square feet living space. For more detailed information about Redstone Castle, please refer to the Appraisal, a copy of which is provided in the Detailed Information Package of which this narrative forms a part.

Redstone Castle has been listed in the National Register of Historic Places, and is therefore a certified historic structure as defined by Internal Revenue Service Regulation § 1.170A-14(d)(5) (iii). Redstone Castle is part of the local Redstone Historic District, designated by Pitkin County Ordinance 033-2003 which is governed by Pitkin County Land Use Code Chapter 3-80-060, Historic Resources and Archeological Resource Areas. As such, the purchaser will be required to execute a Conservation Easement in connection with the closing of the purchase of Redstone Castle, a copy of which will be provided when agreed upon by the Colorado Historical Foundation. The grant of such easement will have favorable tax consequences. Prospective purchaser should consult with their own tax advisors.

- Redstone Castle Outbuilding Parcel.

The Redstone Castle Outbuilding Parcel is located in Redstone, Colorado, and is 42 +/- acres, adjacent to the Redstone Castle Parcel. The Redstone Castle Outbuilding Parcel contains six outbuildings built circa early and mid 1900s with a total of 10,325 square feet, described as follows: horse barn, hay barn, riding arena, dog kennel, maintenance building and equipment shed. For more detailed information about the Redstone Castle Outbuilding Parcel, please refer to the Appraisal, a copy of which is provided in the Detailed Information Package of which this narrative forms a part.

- Redstone Castle Carriage House Parcel.

The Redstone Castle Carriage House Parcel is located in Redstone, Colorado, and is 36 +/- acres, adjacent to the Redstone Castle Parcel. The Redstone Castle Carriage House Parcel contains a two-story carriage house built in 1894 with a total of 4,792 +/- square feet. For more detailed information about the Redstone Castle Outbuilding Parcel, please refer to the Appraisal, a copy of which is provided in the Detailed Information Package of which this narrative forms a part.

- Redstone Castle Victorian House Parcel.

The Redstone Castle Victorian House Parcel is located in Redstone, Colorado, and is 0.18 +/- acres. The Redstone Castle Victorian House Parcel contains a two-story Victorian house which is approximately 15 years old, with a total of 1,957 +/- square feet, a detached garage which is approximately 480 +/- square feet with a studio apartment over the garage which is approximately 372 +/- square feet. For more detailed information about the Redstone Castle Outbuilding Parcel, please refer to the Appraisal, a copy of which is provided in the Detailed Information Package of which this narrative forms a part.

REDSTONE CARRIAGE HOUSE
58 REDSTONE BOULEVARD
REDSTONE, PITKIN COUNTY,
COLORADO

marshall

valuation consulting

stevens

marshall

valuation consulting

stevens

1700 Market Street
Suite 1510
Philadelphia, PA 19103-3915
215-561-5600
215-557-7280 fax
www.marshall-stevens.com

February 6, 2004

File Reference: 11-31-50726.2.doc

EG&G Technical Services, Inc.
7723 Ashton Avenue
Manassas, Virginia 20109

At your request, we have inspected and appraised the real estate located at 58 Redstone Boulevard, Redstone, Pitkin County, Colorado, known as Redstone Carriage House and owned by Peaceful Options, LLC. The property caretaker was living in the subject at the time of inspection. The property appraised consists of a site of ~~40.0~~ ^{36 1/2} acres. The land is improved with one primary building containing 4,792 square feet, built in 1894, plus a small storage building. The land is zoned AFR and RS-30. It is identified as tax parcel 272929100005.

The subject is part of an assemblage of three parcels. We have been asked to appraise them separately. The parcels include the Redstone Castle on ~~143.94~~ ^{72 1/2} acres, the Redstone Carriage House on ~~40.0~~ ^{36 1/2} acres, and six Outbuildings on ~~42.04~~ ^{42 1/2} acres. We have used the land parcel sizes as referenced in the Pitkin County Tax Assessor's property record cards.

The purpose of this appraisal is to express our opinion of the market value of the fee simple interest in the real estate, subject to the definitions of value, assumptions and limiting conditions, and certification in the attached *Complete Appraisal* presented in a *Summary Report* format. The property was inspected on December 12, 2003. A copy of our engagement letter appears in the Addenda to this report. The user/recipient of this report is EG&G Technical Services, Inc.

At the client's request, the scope of this report is limited to a brief recapitulation of the appraiser's data, analyses, and conclusions, which are being presented in this *Summary Report* format. Supporting documentation is retained in our files. To develop the opinion of value, we performed a complete appraisal process as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). This means that no departures from Standard 1 were invoked.

Atlanta
Chicago
Houston
Los Angeles
New York
Philadelphia
San Francisco
St. Louis
Tampa

It is our understanding that the intended use of this appraisal report is to be used for as an aid in determining a reasonable basis for purchase or sale; its use for any other purpose or valuation date may invalidate the appraisal.

Based on the data and conclusions in the attached report, it is our opinion that as of December 12, 2003, the market value of the property appraised was:

[REDACTED]

Descriptions of the property appraised and explanations of the appraisal procedures used are presented in the report.

A copy of this report and the field data supporting it will remain in our files for review on request.

Very truly yours,

Marshall & Stevens Incorporated

MARSHALL & STEVENS INCORPORATED

CLM/sp

PR 31

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valuation
stevens

SUMMARY APPRAISAL REPORT

OF THE

RESIDENTIAL PROPERTY

KNOWN AS

REDSTONE CARRIAGE HOUSE

OWNED BY

PEACEFUL OPTIONS, LLC

LOCATED AT

**58 REDSTONE BOULEVARD
REDSTONE, PITKIN COUNTY, COLORADO**

APPRAISED BY


CHERIN L. MOORADIAN, MAI, ASA
COLORADO CERTIFIED GENERAL REAL ESTATE APPRAISER NO. AT 40036461

VALUATION DATE

DECEMBER 12, 2003

MARSHALL & STEVENS INCORPORATED
VALUATION AND FINANCIAL CONSULTANTS

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

Client	EG&G Technical Services, Inc.
Property Name	Redstone Carriage House
Location	58 Redstone Boulevard Redstone, Pitkin County, Colorado
Property Rights Appraised	Fee simple interest
Ownership	Peaceful Options, LLC
Property Type	Residential
Zoning	AFR, RS-30
Land Area	36 ¹ / ₄ - 40.0 acres
Principal Improvements	A residential building containing 4,792 square feet; built in 1894
Highest and Best Use	As vacant—Residential As improved—Current Use
Approaches to Value	
Cost Approach	
Income Capitalization Approach	Not applicable
Sales Comparison Approach	Not applicable
Market Value	
Marketing Period	12 to 24 months
Exposure Period	12 to 24 months

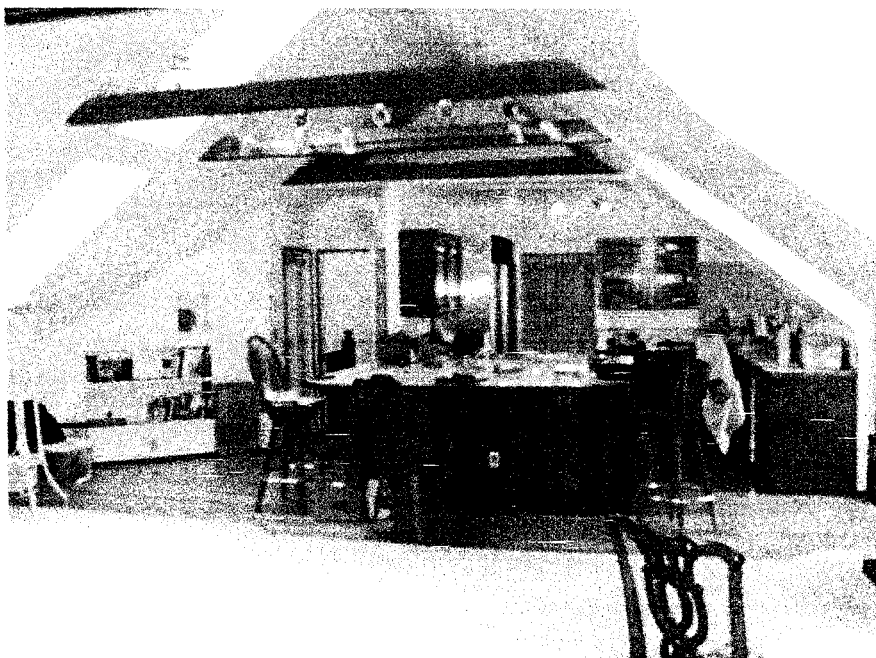
SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

Inspection Date	December 12, 2003
Valuation Date	December 12, 2003
Report Date	February 6, 2004

SUBJECT PHOTOGRAPHS

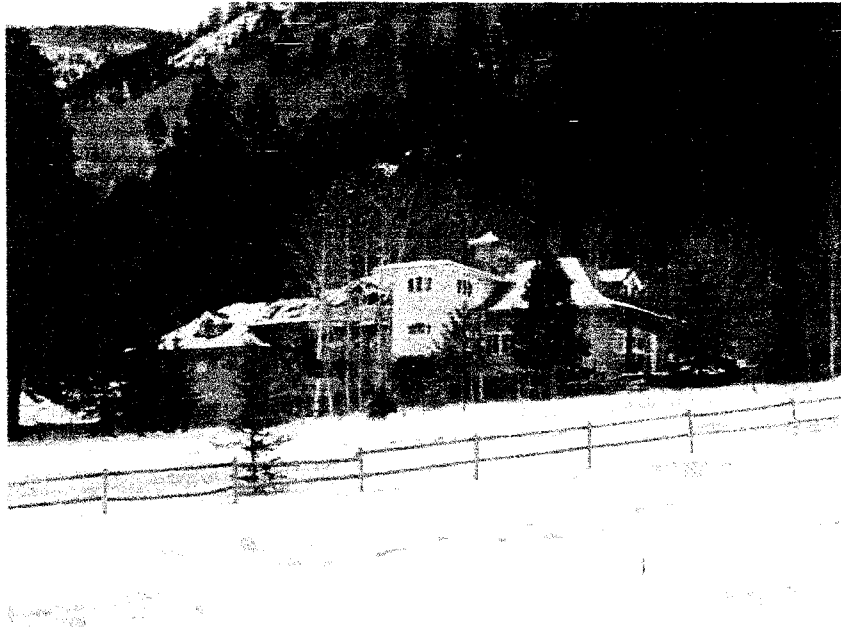


First Floor Living Space



Second Floor Living Space

SUBJECT PHOTOGRAPHS



View from the Front



View from the Side

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IDENTIFICATION OF THE PROPERTY

The property appraised is the real estate including the carriage house and related land parcel located at 58 Redstone Boulevard, Redstone, Pitkin County, Colorado, and known as Redstone Carriage House and owned by Peaceful Options, LLC. The caretaker was living in the subject at the time of inspection. The property has most recently been used as a residence. It is part of the Redstone Castle assemblage of three parcels. In suitable weather there have been tours of the castle and use of the grounds for recreation and sleigh rides. The legal description appears in the Addenda to this report. The real property is legally described as follows: Parcel number 272929100005.

The subject is part of an assemblage of three parcels. We have been asked to appraise them separately. The parcels include the Redstone Castle on ~~143.94~~ ^{367/-} acres, the Redstone Carriage House on ~~40.6~~ ^{727/-} acres, and six Outbuildings on ~~42.04~~ ^{427/-} acres. We have used the land parcel sizes as referenced in the Pitkin County Tax Assessor's property record cards.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to express our opinion of the market value of the fee simple interest in the real estate, as of December 12, 2003.

INSPECTION DATE

The property was inspected by Cherin L. Mooradian, MAI, ASA on December 12, 2003, who also took the photographs on that date. On the inspection, the appraiser was accompanied by Debbie Strom, Manager of nearby Redstone Inn and the subject property caretaker. When the date of inspection differs from the effective date of appraised value, we have assumed no material change in the condition of the property, unless otherwise noted in the report.

INTENDED USE OF THE APPRAISAL

It is our understanding that this *Summary Appraisal Report* is to be used as an aid in determining a reasonable basis for purchase or sale; its use for any other purpose or valuation date may invalidate the appraisal. The user/recipient of this report is EG&G Technical Services, Inc.

ENVIRONMENTAL ISSUES

An environmental assessment of the subject property exceeded the scope of this report. Any reference to environmental issues indicates our research into the environmental matters affecting the market; such reference shall not be construed as an opinion on specific issues concerning the subject property unless otherwise noted in this report.

THE APPRAISAL DEVELOPMENT AND REPORT PROCESS

The appraisal development included a physical inspection of the subject property, gathering information on comparable land and improved sales, rent, operating expenses, construction costs, accrued depreciation, capitalization and yield rates, a visual review of the comparable land sale properties, and an analysis of regional and neighborhood trends. All market data were verified by the buyer, seller, broker, deed, title company, and/or leasing agent wherever possible. The accumulated data were analyzed in relation to the cost, income capitalization, and sales comparison approaches.

The results, opinions, and conclusions of our investigation are being presented in this *Summary Appraisal Report* format, and a number of items normally included in a complete self-contained appraisal report are not included such as detailed zoning and land planning information and details on appraisal property. Supporting documentation is retained in our files. This report is limited to a recapitulation of the appraiser's data, analyses, and conclusions. To develop the opinion of value, we performed a complete appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This means that no departures from Standard 1 were invoked. Our analysis began the week of December 10, 2003, and was completed the week of January 8, 2004.

Information to assist us in this assignment regarding the subject property was furnished by the following individuals:

Name	Relation	Information Supplied
Anthony Pounder	EG&G Technical Services, Inc.	Floor plans and recent land survey
Peter Martin, Esquire	Attorney for the Redstone Historical Society	Former 1996 appraisal
Pitkin County Zoning	County Zoning Department	Zoning information
Pitkin County Tax Assessor	County Tax Assessor	Property card records

This data furnished to us by the above sources is deemed reliable. Any inaccuracies in this information could require a recertification of our value estimate.

THE APPRAISAL DEVELOPMENT AND REPORT PROCESS

This appraisal has addressed no issues of law, engineering, code conformance, insect or rodent infestation, or contamination by or discharge of asbestos or other hazardous materials, inter alia, unless specifically identified in the body of the report.

The appraisal has accordingly been completed under the assumptions and limiting conditions and the certifications presented in this report.

COMPETENCY STATEMENT

Marshall & Stevens Incorporated's appraisers have appraised numerous general-purpose residential properties similar to the property that is the subject of this appraisal.

APPRAISAL DEFINITIONS

The following definitions pertain to this report:

Market Value (Appraisal Foundation). The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

¹ *Uniform Standards of Professional Appraisal Practice* (Appraisal Foundation, 2003 Edition), p. 221.

PROPERTY HISTORY

The owner reported that the subject property is not under current agreement or option and is not for sale on the open market. The subject was sold in 2000 at auction to the current owner along with parcel number 272929100006 (Redstone Castle plus land), and 272929100007 (six outbuildings plus land) for a total consideration of [REDACTED] of which [REDACTED] was attributed to the subject by the tax assessor. A previous auction held in 1999 resulted in a total consideration of [REDACTED] with [REDACTED] attributed to the subject parcel. In 1994, there was a transfer of the subject parcel only for a consideration of [REDACTED]. No current listings, options, or agreements of sale of the subject property were discovered in the course of our analysis.

The subject property was recently attached by the Federal Government due to allegations of the use of ill gotten gains to purchase the subject at auction in 2000. The subject is currently occupied by the caretaker. Some furnishings (reportedly some original historic furnishings) are still located within the dwelling.

The subject property is not currently for sale.

The subject was originally built as a stable. It was renovated into a carriage house for residential use about 10 years ago. The wood finish walls of the stable and horse stalls originally built of mahogany have been preserved. Many elements of the stable fit-up on the first floor remain such as hardware from the original tack room. The first floor has been used as common area space and offices since the renovation. The floor plan and fit-up of the subject are interesting, quite beautiful and appear to have historic significance. However, overall the subject suffers from functional obsolescence due to the layout. The practical and functional elements of residential living are all on the second floor. The first floor, while suitable for common areas and other uses such as offices is not well integrated with the second floor. A property such as the subject, when considered on its own, is not typical of the type of layout a residential buyer would require. Although several uses such as artist studio, offices, retail store for the tourist trade are possible, an alternative use buyer would be less likely to be readily available.

The subject has been maintained in good condition.

AREA/NEIGHBORHOOD ANALYSIS

The subject is located on the southern side of Redstone Boulevard to the east of Highway 133 in Redstone, Pitkin County, Colorado. Access to the subject is provided by a gravel road that travels behind the Redstone Inn following somewhat parallel to the Crystal River.

Pitkin County is located in the central portion of Colorado about 125 miles to the southwest of Denver, the capital of the state. It is comprised of about 975 square miles. The county seat is Aspen, a world renowned ski area and home of many multi-million dollar secondary and primary residences as well as upscale attractions such as high-end shopping, hotels, and restaurants.

Pitkin County is not located in an MSA (Metropolitan Statistical Area). It is located in the heart of the White River National Forest, surrounded by spectacular mountain peaks of the Elk Range in the northern Rocky Mountains. Pitkin County is primarily comprised of smaller towns (Aspen, Snowmass, Woody Creek, Old Snowmass, portions of Basalt, Meredith, Thomasville and the town of Redstone), and mountain terrain. The population in Pitkin County was 15,200 in 2002 (2.2% higher than the 2000 census) with 7,000 households. The 2000 population was 14,872 which was a 30.6% increase over the 1990 census. Median household income was \$72,009 which is considerably higher than the state average of \$44,050 and metropolitan average of \$45,840. The next highest median income in the state is \$59,715 found in Douglas County within the Denver MSA. Over 70% of the Pitkin County households have an effective buying income over \$50,000.

Tourism is the mainstay of the local economy with arts, cultural and recreational events an attraction year-round. The area is also rich in mining and ranching history. Pitkin County is best known for its four world-class ski resorts: Aspen, Highlands, Buttermilk, and Snowmass. Pitkin County open space and trails protects and maintains nearly 9,000 acres of the county's most coveted and undeveloped property and ranchland.

Highway 82 is the only major roadway in Pitkin County leading in and out of Aspen via Interstate 70 at Glenwood Springs to the north and over 12,000 foot Independence Pass to the south. Public transportation is easy throughout the valley. The Aspen/Pitkin County Airport, with over 40,000 take-offs and landings annually, is the 3rd busiest in the state, behind Denver and Colorado Springs.

AREA/NEIGHBORHOOD ANALYSIS

Pitkin County is part of the mountain region of the state. The average 2000 residential vacancy rate ranged from 0.9% in Aspen to 4.2% in Lake County. The Aspen area also had the highest average apartment rental rate of \$988 in the region. Employment growth has been estimated at 3.4% for the Ski Counties of Eagle, Summit and Pitkin. Pitkin County unemployment averaged 4.4% in 2002. The November 2003 unemployment in the Grand Junction MSA, the nearest Metropolitan Statistical Area was 4.6%. According to the U.S. Census Bureau, 2001 County Business Patterns for Pitkin County were 0.2% Forestry, 0.1% Mining, 0.1% Utilities, 7.5% Construction, 1.5% Manufacturing, 1.1% Wholesale Trade, 12.7% Retail Trade, 1.4% Transportation and Warehousing, 1.1% Information, 1.8% Finance and Insurance, 4.9% Real Estate and 67.6% Services. Obviously the tourism trade is predominant with high services and retail trade sectors.

In conclusion, Pitkin County is an upscale tourist and outdoor recreation mecca. Review of the economic indicators suggest stability with steady growth into the foreseeable future.

Redstone, National Historic Village, is an unincorporated village of 92 people. Redstone Boulevard is the main thoroughfare through the village. Unique shops, galleries, and restaurants are located on the Boulevard. There is also an old fashioned General Store selling gas, videos, necessities and more plus antique stores, artisan studios, cafes and a bookstore. Each shop is independently owned and operated. Historic Coke Ovens and a Mining Memorial are located at the south entrance to the village.

John Cleveland Osgood, the owner of coal deposits in the mountains above Crystal River Valley and President of Colorado Fuel and Iron Company (C.F.&I.), built the village at the turn of the 19th century as part of a sociological experiment conducted by Osgood and C.F.&I.'s sociologist Dr. Corwin to see if workers would be more productive and less troublesome if they were living in decent housing, has access to medical care and education for their children and had opportunities for self-advancement and recreation.

The Redstone Inn was built to house the bachelor workers at the coke ovens located across the river from town. The married workers along with their families lived in the 84 little cottages lining the "Boulevard", formerly known as River Road. Osgood built a mansion nearby, for his friends and family that is now known as Redstone Castle, the subject property.

AREA/NEIGHBORHOOD ANALYSIS

The cottages that have survived the depression era and subsequent owners are privately owned and occupied by the many quaint uses listed above interspersed between private cottages that are still used as residential homes. The Redstone Inn is an historical landmark. Access to the Redstone Castle (subject property) is via a gravel and dirt road behind the Inn. The driveway winds back through the woods along a stream to the entrance to the Castle property. An entrance off Highway 133 to the north and one to the south provide access to the village.

The Village of Redstone is considered to have a desirable quaint lifestyle. Many of the charming cottages are vacation homes and some are year-round residences of professionals from many parts of the United States as well as a few natives of the area. Tourism is the primary industry. The coal industry is no longer a part of the contemporary economic equation. Interview with many residents and local real estate offices indicated that there are many plans for expansion of the influence of the village through offering access to ski slopes over the nearby mountain. There does not appear to be any vacancy and all of the properties appear to be well maintained. As many of the properties were snow covered at the time of inspection, it was difficult to examine conditions in detail. However, the keenly evident obvious concern and desire of the populous for preservation of the current lifestyle and the continuation of the historic preservation of the village most likely indicates a good quality of care and maintenance of the area.

Redstone is a beautiful "jewel" found in the mountainous wonderland of the Rockies. Concerned citizens desirous of maintaining the quality of life and historic charm will most likely help to guarantee the continued economic health of the village.

SUMMARY OF SITE CHARACTERISTICS

Land Area	40.0 30.4 acres
Location	58 Redstone Boulevard, Redstone, Pitkin County, Colorado
Shape/Frontage	Irregular / Along the Crystal River
Access/Visibility	Remote / Good from Highway 133 along the Crystal River
Topography/Soil Conditions	Mountainous / Adequate for current use
Functional Utility	Adequate for the current use
Utilities	Public water, sewer, gas, and electric are available.
Easements/Encroachments	Normal utility easements are in place and are assumed to have no detrimental effect on value. / None identified
Flood Zone/Drainage	Non-flood Zone X, and flood zones AE and AO, on Panel No. 08097C 054C, dated 6/4/1987 / Adequate
Adjacent Property Uses	Vacant land to the south, residential development across Crystal River and Highway 133 to the west, Redstone Inn and the Village of Redstone to the north, mountain side to the east
Detrimental Conditions	No other detrimental conditions restricting the efficient use or appeal of the property are identified.
Zoning/Conformity	AFR, RS-30 / Legal and conforming use
Minerals	So consideration has been given to any mineral deposits on the property. In this market mineral deposits do not generally affect value, especially due to preservation and hazardous area regulations.
Marketability and Appeal	The subject is competitive in the market due to its location.

SUMMARY OF IMPROVEMENT CHARACTERISTICS

Building Area	4,792 square feet GBA all above grade
Stories	Two levels above grade, some of the second level areas have dormer windows and slanted ceilings limiting the complete use of the second floor foot print
Construction Type/Quality	Class C- Type FP VI / Excellent
Year Built/Condition	1894 / Average for its age; see cost approach for additional details
Use and Occupancy	Initially designed for horse stable uses and currently designed for residential use; the subject was occupied by the caretaker at the time of inspection.
Exterior Finish	Stucco and wood shingle
Interior Finish	Hardwood, carpet and tile floors, plaster, wood panel and painted gypsum walls, some historic stable hardware
Kitchen	A new kitchen with modern appliances and conveniences is found on the second floor
Roof	Composite shingle
Fenestration	Some original wood single pane sash, many of unusually large size, most windows are in keeping with the architecture, some are newer thermo-pane
Ceiling Height	Clear ceiling heights vary from 8 to 16 feet.
HVAC	Gas-fired package HVAC
Electrical	220 amps; apparently adequate for residential use
Functional Utility	The subject suffers from obsolescence due its unusual configuration, the first floor would most likely be used as an alternative use, the second floor utility is typical of residential properties
Site Improvements	Stone, gravel and dirt driveway, wood fencing, partial stone walls, brick patio entrance, side patio, sidewalks, front patio

SUMMARY OF IMPROVEMENT CHARACTERISTICS

Layout	First Level – Common area Second Level – Living area
Personal Property	None included in the valuation
Assessment and Taxes	Total assessment of \$40,950 and taxes of \$2,530.70 (\$0.53 per sq ft) for tax year 2003
Marketability and Appeal	Limited (See below)

The subject is a unique property and somewhat special use. The combination of historic significance and preservation of portions of the property within a very unusual community creates factors which will appeal to a limited market. Although beautiful, interesting and historically appealing, the functional utility of the property suffers from obsolescence due to the location of typical residential living spaces on the second floor and compartmentalized spaces on the first floor. Most buyers of estate properties are interested in acquiring a modicum of comfort and convenience. The museum and historic quality of the Redstone Castle plus the Carriage House and outbuildings might attract a benefactor that would be interested in preserving the integrity of the castle along with the carriage house and its specific attributes.

MARKETABILITY AND MARKETING/EXPOSURE PERIODS

The subject property is limited in its ability to compete in the residential market. Its unique qualities will have appeal to a specific market that is intrigued by its historic characteristics and unusual layout. However, generally historic significance is not quantifiable and does not necessarily equate to a higher value. On the contrary, it may have a negative affect on value due to restrictions placed upon use and development.

The value estimate contained in this report is premised on 12 to 24 of exposure period prior to the hypothetical consummation of a sale on the effective date of the appraisal. Additionally, if properly priced and marketed, the property would be expected to sell within 12 to 24 of marketing period.

HIGHEST AND BEST USE

Highest and best use is defined as:

the reasonably probable and legal use of the property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.²

Highest and Best Use as Though Vacant. In the test of the highest and best use of potential uses, the use that produced the highest price or value consistent with the rate of return was Residential. Therefore, in our opinion, the highest and best use of the site, as if vacant and available for development, would be for residential development per zoning.

Highest and Best Use as Improved. The property, as currently improved, is legally permissible, physically possible, and financially feasible. Therefore, in our opinion, the highest and best use of the property as improved is its current use as a private residence.

²Uniform Standards of Professional Appraisal Practice (Appraisal Foundation, 2003 Edition), p. 223.

APPRAISAL PROCEDURES

In this part of the report, we set forth the data and analyses to estimate market value of the property. The applicable appraisal technique in analysis of the subject property is the cost approach. The subject is a special use property. Generally with a special use property the cost approach is the appropriate approach to value.

The income approach was considered but not utilized as historic attempts to operate the Redstone Castle along with the Carriage House as a bed and breakfast and local attraction have been marginally financially feasible. The lease of the subject for private residential use would not generate sufficient income to induce investment.

An extensive regional and national search has been made for similar sales of historic properties. Our research did not reveal any suitable comparable sales. The specific nature of the subject and its proximity to the village of Redstone with its historic significance is unique.

The following sections summarize the application of the cost approach.

COST APPROACH

In the cost approach, the appraiser derives an opinion of a property's value by estimating the replacement cost new (RCN) of the improvements, deducting the estimated accrued depreciation, and adding the market value of the land.

Land Valuation

A summary of the comparables follows. The land area of the subject property is ~~40.0~~ 36¹/₄ acres. The three land comps sold between August 2002 and November 2003; range in size from 35.00 to 75.50 acres; and range in unadjusted unit value from \$7,000 to \$10,000 per acre.

Adjustments were made for location, altitude, lot size, river frontage, zoning, and Section 1041 Approval.

COST APPROACH

A 1041 Hazard Review Site Plan is required prior to the issuance of any building permits pursuant to Subsection 5-70-040 of the Land Use Code. The time and cost of this process manifests in a positive quantifiable difference of between 5 to 10% in market value. Even though valuation of the land is assumed vacant, the subject property is assumed to have this approval as it grand fathered due to its current improvements. Land Comp 1 has 1041 Approval, while Land Comps 2 and 3 do not.

Lot sizes of properties similar to the subject are typically about 35.00 acres due to zoning requirements. Developmental studies were not available for the subject property.

SUMMARY OF LAND SALES							
No.	Location	Sale Date	Sale Price	Acres	Price/Acre	Zoning	Comments
1	Coal Creek Road Redstone, Colorado	Nov-03	\$350,000	35.00	\$10,000	AFR-10	This sale is located about 1/2 mile northwest of the subject. It was Section 1041 approved at the time of sale. This sale was adjusted upward for lack of river frontage and downward for smaller size. The adjusted price per acre was \$10,531.
2	Marble Mountain Mesa, Colorado	Oct-02	\$245,000	35.00	\$7,000	Res.	This sale is located a few miles south of the subject in Marble. This sale was adjusted upward for market conditions, inferior location and mountainside altitude, lack of river frontage and not 1041 Approval. It was adjusted downward for size as smaller parcels tend to sell for more per unit and superior zoning. Overall the adjusted price per acre was \$9,775.
3	Highway 133 Redstone, Colorado	Aug-02	\$740,000	75.50	\$9,801	RS-30	This sale is located in the valley along Highway 133 with some river frontage as does the subject. It was adjusted upward for market conditions and lack of 1042 approval and downward for size. Overall the adjusted price per acre is \$10,704.

COST APPROACH

Based on the subject's characteristics and the foregoing summary analysis of the comparables, our opinion of the market value of the land is:

36⁷/₈ - 40.0 Acres @ [REDACTED] / Acre

Rounded

Improvement Valuation

Estimating the RCN entails calculating direct (or hard) costs, indirect (or soft) costs, and entrepreneurial (or developer's) profit. After inspecting the improvements, we prepared a cost estimate using the Marshall and Swift Valuation service, a nationally recognized and accepted construction cost-estimating service.

The building improvement costs, including indirect and entrepreneurial profit, were estimated at [REDACTED]. The land improvements' costs new were estimated at [REDACTED].

Accrued Depreciation

As an improvement ages, it typically loses value, or depreciates. Accrued depreciation reflects the difference between the RCN of an improvement and its market value as of the date of an appraisal; this difference in value may result from physical deterioration, functional obsolescence, external obsolescence, or any combination of the three. Based on a review of the various construction components and giving consideration to their effective age in comparison to their expected life if new resulted in composite depreciation of 42% for the building and 70% for the land improvements.

COST APPROACH

Summation

The value indicated by the cost approach is summarized as follows.

COST APPROACH - CARRIAGE HOUSE			
RCN Building Improvements			
Less: Depreciation (Econ, age-life)	42%		
Depreciated RCN Buildings			
RCN Site Improvements			
Less: Depreciation	70%		
Add: Land Value			
Total			
Rounded			

RECONCILIATION OF VALUE

These approaches to value applied in the subject analysis yielded the following conclusions:

Cost Approach	[REDACTED]
Income Capitalization Approach	Not applicable
Sales Comparison Approach	Not applicable

Depending on the circumstances of an appraisal, the three approaches to value apply to various degrees. The cost approach usually receives the most weight when the improvements are special use, new or nearly new and/or when they are fully utilized. The income capitalization approach indicates the amount at which a prudent investor might be interested in acquiring the property. The sales comparison approach reflects demand and reasonable selling price expectancy as evidenced by sales and listings of similar properties.

The subject is considered to be special use therefore the single approach to value is the cost approach.

Based on the preceding summary analysis and placing sole emphasis on the cost approach, our opinion of the market value of the subject property, based on a reasonable marketing period of 12 to 24 and exposure period of 12 to 24, as of December 12, 2003, was:

[REDACTED]

[REDACTED]

ASSUMPTIONS AND LIMITING CONDITIONS

Summary Appraisal Report

This is a *Summary Appraisal Report*, which is intended to comply with the reporting requirements set forth in Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a *Summary Appraisal Report*. As such, it does not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses are retained in our file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. Marshall & Stevens Incorporated is not responsible for the unauthorized use of this report.

Title to Real Estate

No investigation of legal title was made, and we render no opinion as to ownership of the property or condition of the title. We assume the following:

1. The title to the property is marketable.
2. Unless otherwise indicated in this report, the property is free and clear of all liens, encumbrances, easements, and restrictions.
3. The property does not exist in violation of any applicable codes, ordinances, statutes, or other government regulations.
4. The property is under responsible ownership and competent management and is available for its highest and best use.

Sketches and Maps

Sketches and maps in this report are presented to aid the reader in visualizing the property and are based on field investigations made by the appraiser. Dimensions and descriptions are based on public records and information furnished by others and are not meant for use as references in matters of survey.

Information and Data

Information supplied by others which was considered in this valuation came from sources believed to be reliable, and we assume no further responsibility for its accuracy. We reserve the right to adjust the valuation herein reported as required by consideration of additional or more reliable data that may become available.

ASSUMPTIONS AND LIMITING CONDITIONS

It is assumed that the information supplied by the source outlined within this report, if any, is accurate. The appraiser assumes no responsibility for independently verifying this information. If the client has any questions regarding this information, it is the client's responsibility to seek whatever independent verification is deemed necessary.

Information to assist us in this assignment regarding the subject property was furnished by the following individuals:

Name/Phone	Relation	Information Supplied
Anthony Pounder	EG&G Technical Services, Inc.	Floor plans and recent land survey
Peter Martin, Esquire	Attorney for the Redstone Historical Society	Former 1996 appraisal
Pitkin County Zoning	County Zoning Department	Zoning information
Pitkin County Tax Assessor	County Tax Assessor	Property card records

This data furnished to us by the above sources is deemed reliable. Any inaccuracies in this information could require a recertification of our value estimate.

Unexpected Conditions

We assume no hidden or unexpected conditions of the property exist which would adversely affect value.

Distribution of Value

The distribution of total value between land and improvements applies only under the stated program of utilization. The separate values for land and improvements shall not be used with any other appraisal, and such use shall invalidate them.

Date of Value

The date of value to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The dollar amount of any value reported is based on the purchasing power of the U.S. dollar as of that date.

We assume no responsibility for economic or physical factors occurring after the date of value, which may affect the opinions reported.

ASSUMPTIONS AND LIMITING CONDITIONS

Inspection

The property appraised was inspected by Marshall & Stevens Incorporated's personnel and was appraised based on information provided to us. When the date of inspection differs from the effective date of appraised value, we have assumed no material change in the condition of the property, unless otherwise noted in the report.

Legal or Specialized Expertise

No opinion is intended to be expressed for matters that require legal or specialized expertise, investigation, or knowledge beyond that customarily employed by appraisers. This report addresses no issues of law, engineering, code conformance, insect or rodent infestation, or toxic contamination or discharge, inter alia, unless specifically identified in the body of the report.

Sale or Purchase

Our opinion of value presented herein reflects Marshall & Stevens Incorporated's considered opinion based on the facts and data in the report. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.

Court Testimony

Testimony or attendance in court by reason of this appraisal shall not be required unless arrangements for such services have previously been made.

Compensation

The professional fee paid to Marshall & Stevens Incorporated in connection with the rendering of this report was not contingent upon the conclusions reached or the substance of the report presented. Any subsequent services related to this appraisal assignment (e.g., testimony, updates, conferences and reprint or copy services) would require special arrangements in advance.

Mineral Rights

The value of mineral rights, if any, was not considered in this appraisal unless otherwise noted.

ASSUMPTIONS AND LIMITING CONDITIONS

Structural Deficiencies

We found no obvious evidence of structural deficiencies unless otherwise stated. However, no responsibility for structural soundness or conformity to city, county, or state building and safety codes can be assumed without an independent structural engineering report.

It is assumed that there are no structural defects hidden by floor or wall coverings or any hidden or unapparent conditions on the property; that all mechanical equipment and appliances are in reasonable working condition; and that all electrical components and the roofing are in reasonable condition.

Soil Conditions

Detailed soil studies of the subject property were unavailable to us. Therefore, statements herein on soil qualities shall not be considered conclusive, although they were considered consistent with information available to us.

We presume that there are no hidden or unexpected conditions of the property that would adversely affect the value. Specifically, an investigation of the property's underlying geological make-up of the existing substrata relative to their susceptibility towards present or future sudden collapse or gradual subsidence resulting in what is commonly referred to as "sinkhole catastrophe" or sudden settlement of filled areas has not been conducted, unless statements to the contrary are clearly outlined in this report.

Confidentiality/Advertising

This report and supporting notes are confidential. Neither any part nor the whole of this appraisal shall be copied or disclosed to any party or conveyed to the public in spoken or written form through advertising, public relations, news, sales, or any other means without the prior written consent and approval of both Marshall & Stevens Incorporated and its client.

Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by a person other than the party to whom it is addressed without the written consent of Marshall & Stevens Incorporated, and in any event, only with proper written qualification; it must also appear in its entirety.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal has been prepared for the exclusive right of the client shown in this report. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his (her) own risk and without any recourse or liability to the appraiser.

Hazardous Substances

Hazardous substances, if present in a facility, can introduce an actual or potential liability that will adversely affect the marketability and value of the facility. Such liability may take the form of immediate recognition of existing hazardous conditions; future liability could stem from the release of currently non-hazardous contaminants, such as asbestos fibers or toxic vapors from urea formaldehyde foam insulation, through aging or building renovations. In the development of our opinion of value, no consideration has been given to such liability or its impact on value.

The professional staff of Marshall & Stevens Incorporated is not qualified to make any investigation to determine the possible presence of toxic materials requiring either immediate or future correction. There are experts in this field who can conduct such investigations and provide guidance regarding the impact of toxic materials that may be present in the subject property.

The client is encouraged to retain an environmental expert to conduct an environmental investigation of the property.

The Americans With Disabilities Act (ADA)

This act became effective January 6, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property unless specifically mentioned in this report.

ASSUMPTIONS AND LIMITING CONDITIONS

Earthquakes

Although earthquakes are not common in the area, no responsibility is assumed for their possible effect on individual properties unless detailed geologic reports are made available to us.

Property Included

No consideration was given in this appraisal to personal property on the premises; only the real estate was considered.

APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the properties involved in this engagement.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- To the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, the Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute and the American Society of Appraisers.
- The American Society of Appraisers has a mandatory recertification program for all of its senior members. I am in compliance with the requirements of that program.
- The use of this report is subject to the requirements of the Appraisal Institute and the American Society of Appraisers and state regulatory requirements relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.

APPRAISER CERTIFICATION

- This analysis was not based upon requested minimum value, a specific value, or the approval of a loan. Therefore, I have determined that the final estimate of value was made without influence by the lender or the client.
- I, Cherin L. Mooradian, MAI, ASA, have made a personal inspection of the property that is the subject of this report on December 12, 2003 and the market data.
- Neither all nor any part of the contents of this report (especially any conclusions of value, the identity of the appraiser or the firm with which I am connected, or any reference to the Appraisal Institute, American Society of Appraisers, or to the MAI or the ASA designation) shall be disseminated to the public through advertising, public relations, news, sales, or any other public medium without the prior written consent and approval of the undersigned.
- No one provided significant professional assistance to the person signing this report.
- The indicated market value that was provided within this appraisal report is "as is" and is defined as "the value of the property in its current physical condition and subject to the zoning in effect as of the date of value."
- An analysis of current market conditions has been considered, and a reasonable estimated marketing time for the appraised property has been reported within this appraisal.

Cherin L. Mooradian

Cherin L. Mooradian, MAI, ASA
Colorado Certified General Real Estate
Temporary Appraiser No. AT 40036461

LEGAL DESCRIPTION

The following material preserves all idiosyncrasies of grammar, usage, punctuation, spelling, capitalization, and typography in the official document from which it was transcribed.

Land areas used in this appraisal were obtained from surveys or public records furnished by the client and/or obtained from municipal offices and have not been verified by legal counsel or a licensed surveyor. The legal description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney.

LEGAL DESCRIPTION

Report Date: 01/15/2003 11:45AM

PITKIN COUNTY TREASURER
CERTIFICATE OF TAXES DUE

CERT # 20030220

SCHEDULE NO: R014526

ORDER NO: 700128

ASSESSED TO:

VENDOR NO: 201

PEACEFUL OPTIONS LLC

TITLE CO OF THE ROCKIES

68 REDSTONE BLVD

600 EAST HOPKINS AVE

REDSTONE, CO 81623

ASPEN, CO 81611

LEGAL DESCRIPTION:

SECT. TWN. R. NG. 20-10-38 DESC: 'CARRIAGE HOUSE PARCEL' TRACT OF LAND IN SE4SW4 & SW4SE4 OF SEC 20 & NW4NE4 & SW4NE4 OF SEC 29-10-38 BK 737 PG 174 CONT 40.0 AC M/L

PARCEL: 272929100003

SITUS ADD:

58 REDSTONE BLVD REDSTONE

TAX YEAR	CHARGE	TAX AMOUNT	INTEREST	FEES	PAID	TOTAL DUE
2002	TAX	2,530.70	0.00	0.00	0.00	2,530.70
	TOTAL TAXES					2,530.70

TAX YEAR	TAX LIEN SALE	TLS AMOUNT	INTEREST	FEES	PAID	TOTAL DUE
2001	20020002	2,750.62	68.77	7.00	0.00	2,826.39
	TOTAL TAX LIEN					2,826.39

GRAND TOTAL DUE GOOD THROUGH 01/30/2003

5,357.09

ORIGINAL TAX BILLING FOR 2002 TAX DISTRICT 030 - JT12-WDR

Authority	MM Levy	Amount	Value	Actual	Assessed
PITKIN COUNTY	2.954	124.45	AGRI LAND	3,300	960
OPEN SPACE & TRAILS	3.773	158.96	AGRI RESIDE	449,900	41,170
CARBONDALE FIRE PROTECTIN	5.168	217.73			
REDSTONE WATER & SAN	7.638	321.79	TOTAL	453,200	42,130
ROARING FORK SCHOOL DIST	34.536	1,455.84			
COLORADO MTN COLLEGE	3.997	168.39			
COLORADO RIVER WATER CONS	0.233	10.74			
WEST DIVIDE WATER CONSERV	0.193	8.13			
PITKIN COUNTY LIBRARY	1.072	45.16			
HUMAN SVC & OTHER GRANTS	0.463	19.51			

TAXES FOR 2002

60.069

2,530.70

FEE FOR THIS CERTIFICATE

10.00

ALL TAX LIEN SALE AMOUNTS ARE SUBJECT TO CHANGE DUE TO ENDORSEMENT OF CURRENT TAXES BY THE LIENHOLDER OR TO ADVERTISING AND DISTRAINT WARRANT FEES. CHANGES MAY OCCUR AND THE TREASURER'S OFFICE WILL NEED TO BE CONTACTED PRIOR TO REMITTANCE AFTER THE FOLLOWING DATES: PERSONAL PROPERTY AND MOBILE HOMES - SEPTEMBER 1, REAL PROPERTY - SEPTEMBER 1. TAX LIEN SALE REDEMPTION AMOUNTS MUST BE PAID BY CASH OR CASHIERS CHECK.

SPECIAL TAXING DISTRICTS AND THE BOUNDARIES OF SUCH DISTRICTS MAY BE ON FILE WITH THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK, OR THE COUNTY ASSESSOR.

This certificate does not include land or improvements assessed under a separate account number, personal property taxes, transfer tax or other tax collected on behalf of other entities, special or local improvement district assessments or mobile homes, unless specifically mentioned.

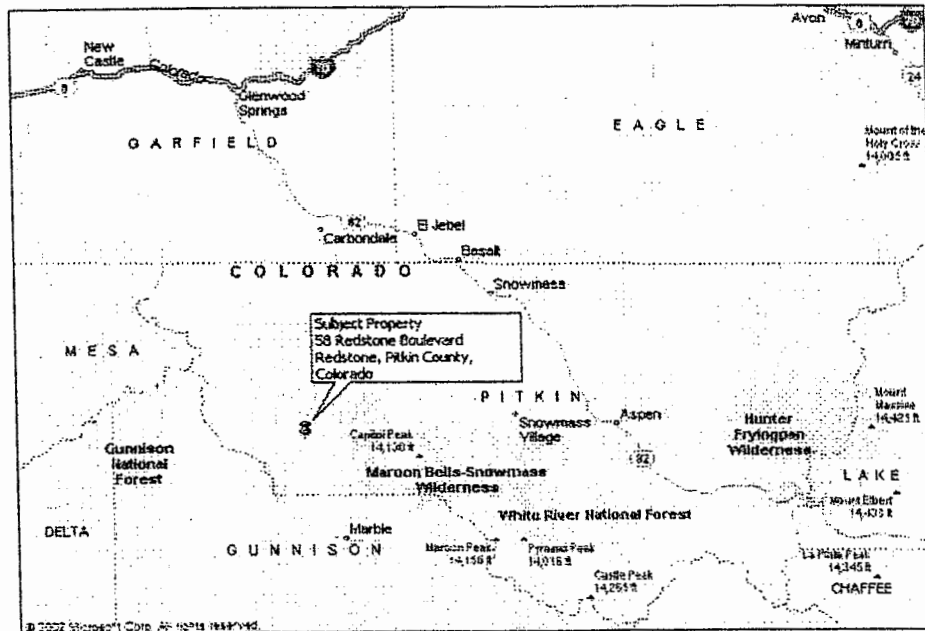
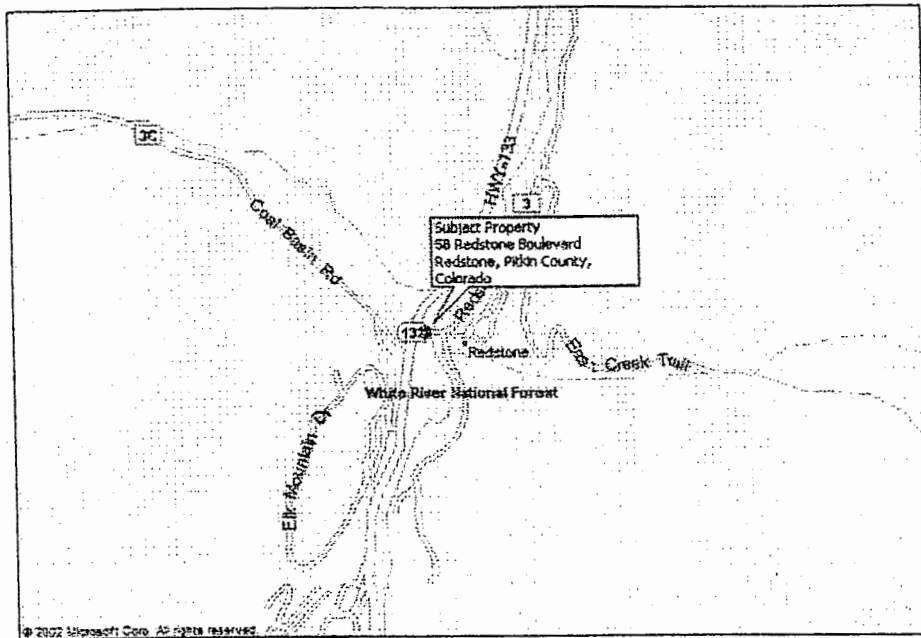
I, the undersigned, do hereby certify that the entire amount of taxes due upon the above described parcels of real property and all outstanding sales for unpaid taxes as shown by the records in my office from which the same may still be returned with the amount required for redemption are as noted herein. In witness whereof, I have hereunto set my hand and seal this 15th day of January, 2003.

TREASURER, PITKIN COUNTY, THOMAS CARL OKEN, BY

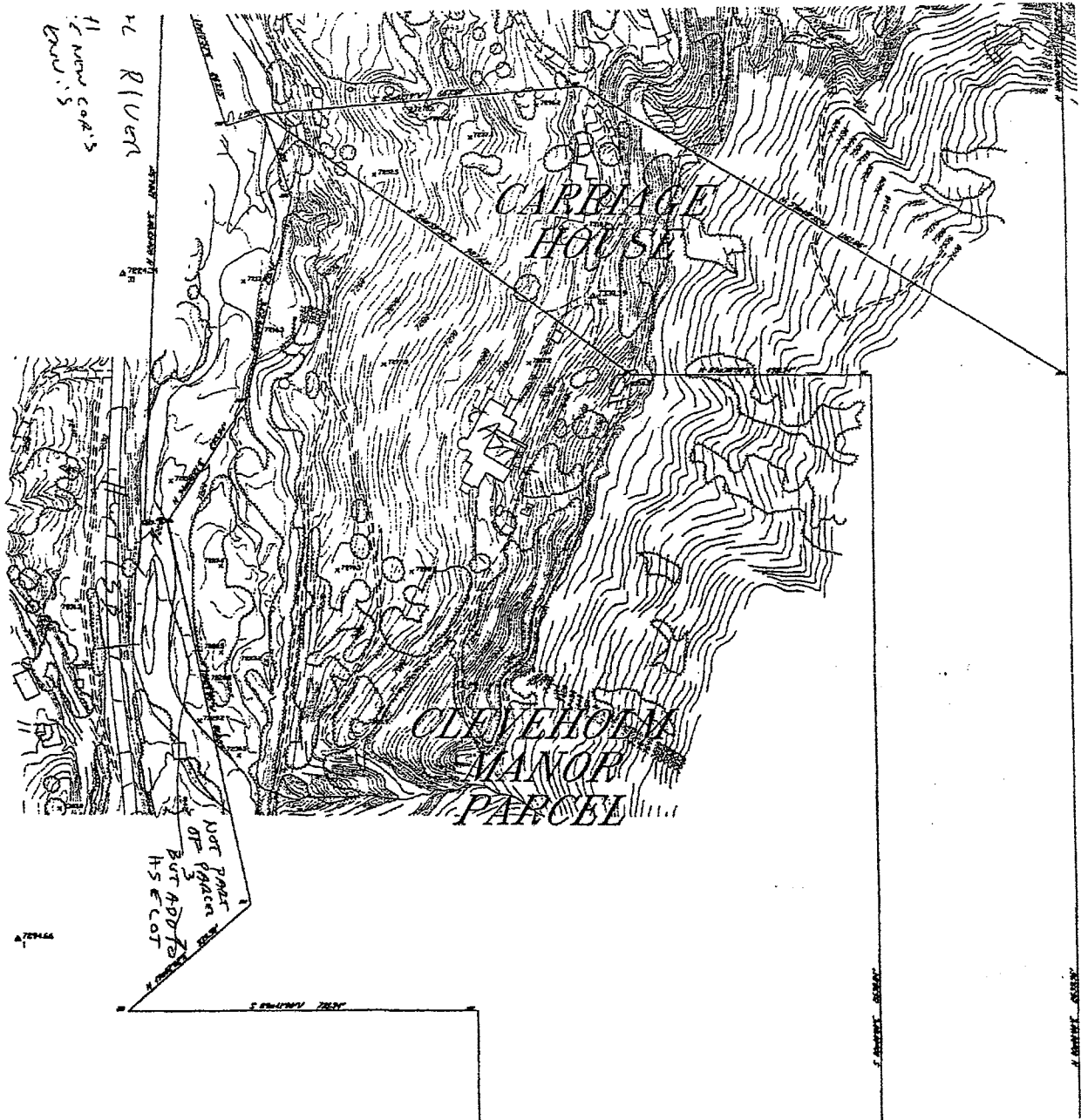
306 E. Main St. - Ste 201

Aspen, Co 81611

(970) 928-5170



LOCATION MAPS



SITE PLAN

marshall

valuation consulting

stevens

1700 Market Street
Suite 1510
Philadelphia, PA 19103-3315
215.561.5600
215.557.7280 fax
www.marshall-stevens.com

February 6, 2004

File Reference: 11-31-50726.3.doc

EG&G Technical Services, Inc.
7723 Ashton Avenue
Manassas, Virginia 20109

At your request, we have inspected and appraised the real estate located at 58 Redstone Boulevard, Redstone, Pitkin County, Colorado, known as Six Outbuildings located at Redstone Castle and owned by Serenity Options, LLC. The property caretaker was living in the subject at the time of inspection. The property appraised consists of a site of ~~42.04~~ ^{42⁺/₋} acres. The land is improved with six secondary outbuildings containing a total of 10,325 square feet, built circa the early and mid 1900s. The land is zoned AFR and RS-30. It is identified as tax parcel 272929100007.

The subject is part of an assemblage of three parcels. We have been asked to appraise them separately. The parcels include the Redstone Castle on ~~143.94~~ ^{72⁺/₋} acres, the Redstone Carriage House on ~~40.0~~ ^{36⁺/₋} acres, and six Outbuildings on ~~42.04~~ ^{42⁺/₋} acres. We have used the land parcel sizes as referenced in the Pitkin County Tax Assessor's property record cards.

The purpose of this appraisal is to express our opinion of the market value of the fee simple interest in the real estate, subject to the definitions of value, assumptions and limiting conditions, and certification in the attached *Complete Appraisal* presented in a *Summary Report* format. The property was inspected on December 12, 2003. A copy of our engagement letter appears in the Addenda to this report. The user/recipient of this report is EG&G Technical Services, Inc.

At the client's request, the scope of this report is limited to a brief recapitulation of the appraiser's data, analyses, and conclusions, which are being presented in this *Summary Report* format. Supporting documentation is retained in our files. To develop the opinion of value, we performed a complete appraisal process as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). This means that no departures from Standard 1 were invoked.

Atlanta
Chicago
Houston
Los Angeles
New York
Philadelphia
San Francisco
St. Louis
Tampa

EG&G Technical Services, Inc.
February 6, 2004
Page 2

It is our understanding that the intended use of this appraisal report is to be used for as an aid in determining a reasonable basis for purchase or sale; its use for any other purpose or valuation date may invalidate the appraisal.

Based on the data and conclusions in the attached report, it is our opinion that as of December 12, 2003, the market value of the property appraised was:

[REDACTED]

[REDACTED]

Descriptions of the property appraised and explanations of the appraisal procedures used are presented in the report.

A copy of this report and the field data supporting it will remain in our files for review on request.

Very truly yours,

Marshall & Stevens Incorporated

MARSHALL & STEVENS INCORPORATED

CLM/sp

PR 31

marshall

valuation consultants
stevens

SUMMARY APPRAISAL REPORT

OF THE

RESIDENTIAL PROPERTY

KNOWN AS

REDSTONE CASTLE - SIX OUTBUILDINGS

OWNED BY

SERENITY OPTIONS, LLC

LOCATED AT

**58 REDSTONE BOULEVARD
REDSTONE, PITKIN COUNTY, COLORADO**

APPRAISED BY

CHERIN L. MOORADIAN, MAI, ASA
COLORADO CERTIFIED GENERAL REAL ESTATE APPRAISER NO. AT 40036461

VALUATION DATE

DECEMBER 12, 2003

MARSHALL & STEVENS INCORPORATED
VALUATION AND FINANCIAL CONSULTANTS

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

Client	EG&G Technical Services, Inc.
Property Name	Redstone Castle - Six Outbuildings
Location	58 Redstone Boulevard Redstone, Pitkin County, Colorado
Property Rights Appraised	Fee simple interest
Ownership	Serenity Options, LLC
Property Type	Residential
Zoning	AFR, RS-30
Land Area	42 ⁺ / ₁ - 42.04 acres
Principal Improvements	Six outbuildings (horse barn, hay barn, riding arena, dog kennel, maintenance building and equipment shed) containing a total of 10,325 square feet; built circa early and mid 1900s
Highest and Best Use	As vacant—Residential As improved—Residential
Approaches to Value	
Cost Approach	
Income Capitalization Approach	Not applicable
Sales Comparison Approach	Not applicable
Market Value	
Marketing Period	12 to 24 months
Exposure Period	12 to 24 months

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

Inspection Date	December 12, 2003
Valuation Date	December 12, 2003
Report Date	February 6, 2004

SUBJECT PHOTOGRAPHS

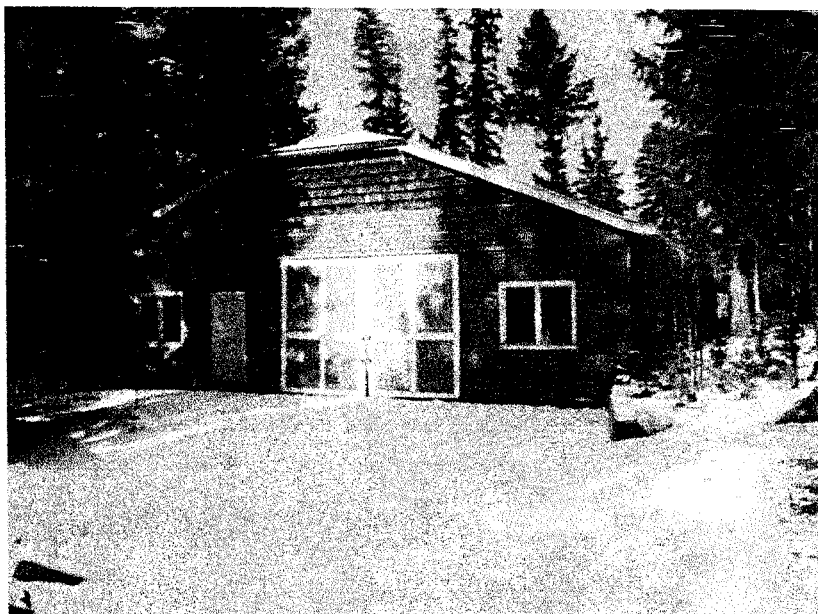


Outbuilding 1 Horse Barn

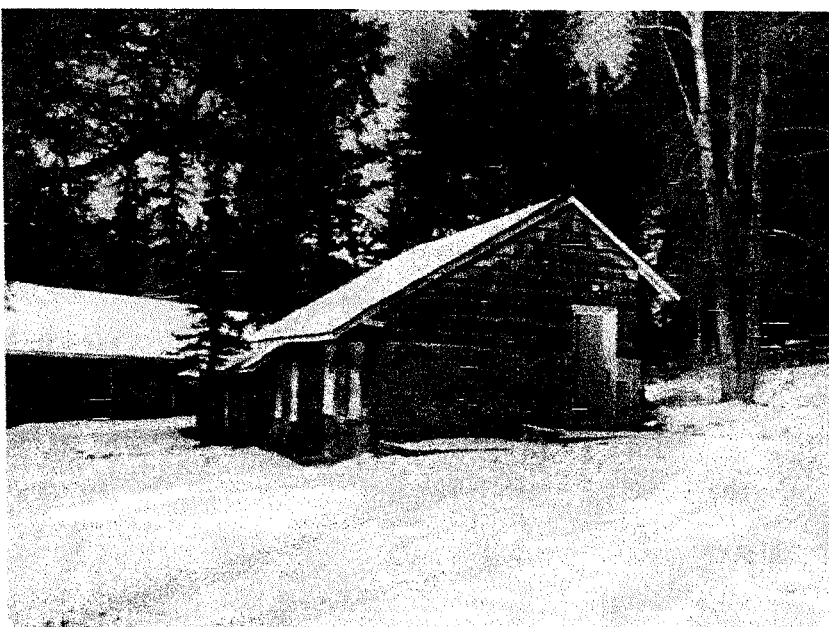


Outbuilding 2 Hay Barn

SUBJECT PHOTOGRAPHS



Outbuilding 3 Riding Arena

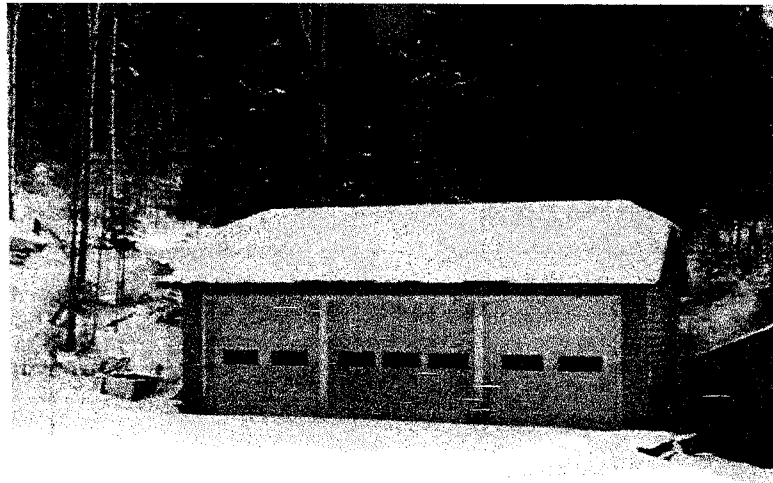


Outbuilding 4 Dog Kennel

SUBJECT PHOTOGRAPHS



Outbuilding 5 Maintenance Building



Outbuilding 6 Equipment Shed

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Corporate Professional Qualifications
Appraiser Qualifications

IDENTIFICATION OF THE PROPERTY

The property appraised is the real estate including the six Outbuildings situated at Redstone Castle and associated land parcel located at 58 Redstone Boulevard, Redstone, Pitkin County, Colorado, known as Redstone Castle - Six Outbuildings and owned by Serenity Options, LLC. The subject property was vacant at the time of inspection. The property has most recently been used as support buildings for the Redstone Castle and Carriage House in their use as a bed and breakfast and local tourist attraction. It is part of the Redstone Castle assemblage of three parcels. In suitable weather there have been tours of the castle and use of the grounds for recreation and sleigh rides. The legal description appears in the Addenda to this report. The real property is legally described as follows: Parcel number 272929100007.

The subject is part of an assemblage of three parcels. We have been asked to appraise 72 +/- them separately. The parcels include the Redstone Castle on ~~143.94~~ 36 +/- acres, the Redstone Carriage House on ~~40.0~~ 42 +/- acres, and six Outbuildings on ~~42.04~~ acres. We have used the land parcel sizes as referenced in the Pitkin County Tax Assessor's property record cards.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to express our opinion of the market value of the fee simple interest in the real estate, as of December 12, 2003.

INSPECTION DATE

The property was inspected by Cherin L. Mooradian, MAI, ASA on December 12, 2003, who also took the photographs on that date. On the inspection, the appraiser was accompanied by Debbie Strom, Manager of nearby Redstone Inn and the subject property caretaker. When the date of inspection differs from the effective date of appraised value, we have assumed no material change in the condition of the property, unless otherwise noted in the report.

INTENDED USE OF THE APPRAISAL

It is our understanding that this *Summary Appraisal Report* is to be used as an aid in determining a reasonable basis for purchase or sale; its use for any other purpose or valuation date may invalidate the appraisal. The user/recipient of this report is EG&G Technical Services, Inc.

ENVIRONMENTAL ISSUES

An environmental assessment of the subject property exceeded the scope of this report. Any reference to environmental issues indicates our research into the environmental matters affecting the market; such reference shall not be construed as an opinion on specific issues concerning the subject property unless otherwise noted in this report.

THE APPRAISAL DEVELOPMENT AND REPORT PROCESS

The appraisal development included a physical inspection of the subject property, gathering information on comparable land and improved sales, rent, operating expenses, construction costs, accrued depreciation, capitalization and yield rates, a visual review of the comparable land sale properties, and an analysis of regional and neighborhood trends. All market data were verified by the buyer, seller, broker, deed, title company, and/or leasing agent wherever possible. The accumulated data were analyzed in relation to the cost, income capitalization, and sales comparison approaches.

The results, opinions, and conclusions of our investigation are being presented in this *Summary Appraisal Report* format, and a number of items normally included in a complete self-contained appraisal report are not included such as detailed zoning and land planning information and details on appraisal property. Supporting documentation is retained in our files. This report is limited to a recapitulation of the appraiser's data, analyses, and conclusions. To develop the opinion of value, we performed a complete appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This means that no departures from Standard 1 were invoked. Our analysis began the week of December 10, 2003, and was completed the week of January 8, 2004.

Information to assist us in this assignment regarding the subject property was furnished by the following individuals:

Name/Phone	Relation	Information Supplied
Anthony Pounder	EG&G Technical Services, Inc.	Floor plans and recent land survey
Peter Martin, Esquire	Attorney for the Redstone Historical Society	Former 1996 appraisal
Pitkin County Zoning	County Zoning Department	Zoning information
Pitkin County Tax Assessor	County Tax Assessor	Property card records

This data furnished to us by the above sources is deemed reliable. Any inaccuracies in this information could require a recertification of our value estimate.

THE APPRAISAL DEVELOPMENT AND REPORT PROCESS

This appraisal has addressed no issues of law, engineering, code conformance, insect or rodent infestation, or contamination by or discharge of asbestos or other hazardous materials, inter alia, unless specifically identified in the body of the report.

The appraisal has accordingly been completed under the assumptions and limiting conditions and the certifications presented in this report.

COMPETENCY STATEMENT

Marshall & Stevens Incorporated's appraisers have appraised numerous general-purpose residential properties and supportive buildings similar to the property that is the subject of this appraisal.

APPRAISAL DEFINITIONS

The following definitions pertain to this report:

Market Value (Appraisal Foundation). The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

¹*Uniform Standards of Professional Appraisal Practice* (Appraisal Foundation, 2003 Edition), p. 221.

PROPERTY HISTORY

The owner reported that the subject property is not under current agreement or option and is not for sale on the open market. The subject was sold in 2000 at auction to the current owner along with parcel number 272929100006 (Redstone Castle plus land), and 272929100006 (Carriage House plus land) for a total consideration of [REDACTED] of which [REDACTED] was attributed to the subject by the tax assessor. A previous auction held in 1999 resulted in a total consideration of [REDACTED] with [REDACTED] again attributed to the subject parcel. In 1994, there was a transfer of the subject parcel only for a consideration of [REDACTED]. No current listings, options, or agreements of sale of the subject property were discovered in the course of our analysis.

The subject property was recently attached by the Federal Government due to allegations of the use of ill gotten gains to purchase the subject at auction in 2000. The subject is currently vacant. Some items such as old horse carriages and equipment are still located within the buildings.

The subject property is not currently for sale.

The subject building improvements were originally built as a horse barn, hay barn, riding arena, dog kennel, maintenance building, and equipment shed. They were constructed at various times from the early to the mid 1900s. The construction of most of the buildings is similar consisting of wood shingle siding and some masonry and brick with gable shingled roof. The dog kennel is in very poor condition and is not usable as it is. It is considered to have no contributory value. The horse barn, hay barn and riding arena are in fair condition. The maintenance building and equipment shed are in average condition. Overall depreciation is about 75%.

AREA/NEIGHBORHOOD ANALYSIS

The subject is located on the southern side of Redstone Boulevard to the east of Highway 133 in Redstone, Pitkin County, Colorado. Access to the subject is provided by a gravel road that travels behind the Redstone Inn following somewhat parallel to the Crystal River.

Pitkin County is located in the central portion of Colorado about 125 miles to the southwest of Denver, the capital of the state. It is comprised of about 975 square miles. The county seat is Aspen, a world renowned ski area and home of many multi-million dollar secondary and primary residences as well as upscale attractions such as high-end shopping, hotels, and restaurants.

Pitkin County is not located in an MSA (Metropolitan Statistical Area). It is located in the heart of the White River National Forest, surrounded by spectacular mountain peaks of the Elk Range in the northern Rocky Mountains. Pitkin County is primarily comprised of smaller towns (Aspen, Snowmass, Woody Creek, Old Snowmass, portions of Basalt, Meredith, Thomasville and the town of Redstone), and mountain terrain. The population in Pitkin County was 15,200 in 2002 (2.2% higher than the 2000 census) with 7,000 households. The 2000 population was 14,872 which was a 30.6% increase over the 1990 census. Median household income was \$72,009 which is considerably higher than the state average of \$44,050 and metropolitan average of \$45,840. The next highest median income in the state is \$59,715 found in Douglas County within the Denver MSA. Over 70% of the Pitkin County households have an effective buying income over \$50,000.

Tourism is the mainstay of the local economy with arts, cultural and recreational events an attraction year-round. The area is also rich in mining and ranching history. Pitkin County is best known for its four world-class ski resorts: Aspen, Highlands, Buttermilk, and Snowmass. Pitkin County open space and trails protects and maintains nearly 9,000 acres of the county's most coveted and undeveloped property and ranchland.

Highway 82 is the only major roadway in Pitkin County leading in and out of Aspen via Interstate 70 at Glenwood Springs to the north and over 12,000 foot Independence Pass to the south. Public transportation is easy throughout the valley. The Aspen/Pitkin County Airport, with over 40,000 take-offs and landings annually, is the 3rd busiest in the state, behind Denver and Colorado Springs.

AREA/NEIGHBORHOOD ANALYSIS

Pitkin County is part of the mountain region of the state. The average 2000 residential vacancy rate ranged from) 0.9% in Aspen to 4.2% in Lake County. The Aspen area also had the highest average apartment rental rate of \$988 in the region. Employment growth has been estimated at 3.4% for the Ski Counties of Eagle, Summit and Pitkin. Pitkin County unemployment averaged 4.4% in 2002. The November 2003 unemployment in the Grand Junction MSA, the nearest Metropolitan Statistical Area was 4.6%. According to the U.S. Census Bureau, 2001 County Business Patterns for Pitkin County were 0.2% Forestry, 0.1% Mining, 0.1% Utilities, 7.5% Construction, 1.5% Manufacturing, 1.1% Wholesale Trade, 12.7% Retail Trade, 1.4% Transportation and Warehousing, 1.1% Information, 1.8% Finance and Insurance, 4.9% Real Estate and 67.6% Services. Obviously the tourism trade is predominant with high services and retail trade sectors.

In conclusion, Pitkin County is an upscale tourist and outdoor recreation mecca. Review of the economic indicators suggest stability with steady growth into the foreseeable future.

Redstone, National Historic Village, is an unincorporated village of 92 people. Redstone Boulevard is the main thoroughfare through the village. Unique shops, galleries, and restaurants are located on the Boulevard. There is also an old fashioned General Store selling gas, videos, necessities and more plus antique stores, artisan studios, cafes and a bookstore. Each shop is independently owned and operated. Historic Coke Ovens and a Mining Memorial are located at the south entrance to the village.

John Cleveland Osgood, the owner of coal deposits in the mountains above Crystal River Valley and President of Colorado Fuel and Iron Company (C.F.&I.), built the village at the turn of the 19th century as part of a sociological experiment conducted by Osgood and C.F.&I.'s sociologist Dr. Corwin to see if workers would be more productive and less troublesome if they were living in decent housing, has access to medical care and education for their children and had opportunities for self-advancement and recreation.

The Redstone Inn was built to house the bachelor workers at the coke ovens located across the river from town. The married workers along with their families lived in the 84 little cottages lining the "Boulevard", formerly known as River Road. Osgood built a mansion nearby, for his friends and family; that is now known as Redstone Castle, the subject property.

AREA/NEIGHBORHOOD ANALYSIS

The cottages that have survived the depression era and subsequent owners are privately owned and occupied by the many quaint uses listed above interspersed between private cottages that are still used as residential homes. The Redstone Inn is an historical landmark. Access to the Redstone Castle (subject property) is via a gravel and dirt road behind the Inn. The driveway winds back through the woods along a stream to the entrance to the Castle property. An entrance off Highway 133 to the north and one to the south provide access to the village.

The Village of Redstone is considered to have a desirable quaint lifestyle. Many of the charming cottages are vacation homes and some are year-round residences of professionals from many parts of the United States as well as a few natives of the area. Tourism is the primary industry. The coal industry is no longer a part of the contemporary economic equation. Interview with many residents and local real estate offices indicated that there are many plans for expansion of the influence of the village through offering access to ski slopes over the nearby mountain. There does not appear to be any vacancy and all of the properties appear to be well maintained. As many of the properties were snow covered at the time of inspection, it was difficult to examine conditions in detail. However, the keenly evident obvious concern and desire of the populous for preservation of the current lifestyle and the continuation of the historic preservation of the village most likely indicates a good quality of care and maintenance of the area.

Redstone is a beautiful "jewel" found in the mountainous wonderland of the Rockies. Concerned citizens desirous of maintaining the quality of life and historic charm will most likely help to guarantee the continued economic health of the village.

SUMMARY OF SITE CHARACTERISTICS

Land Area	42 +/- 42.04 acres
Location	58 Redstone Boulevard, Redstone, Pitkin County, Colorado
Shape/Frontage	Irregular / Along the Crystal River
Access/Visibility	Remote / Average from Highway 133 along the Crystal River
Topography/Soil Conditions	Mountainous / Adequate for current use
Functional Utility	Adequate for the current use
Utilities	Public water, sewer, gas, and electric are available.
Easements/Encroachments	Normal utility easements are in place and are assumed to have no detrimental effect on value. / None identified
Flood Zone/Drainage	Non-flood Zone X, and flood zones AE and AO, on Panel No. 08097C 054C, dated 6/4/1987 / Adequate
Adjacent Property Uses	Vacant land to the south, residential development across Crystal River and Highway 133 to the west, Redstone Inn and the Village of Redstone to the north, mountain side to the east
Detrimental Conditions	No other detrimental conditions restricting the efficient use or appeal of the property are identified.
Zoning/Conformity	AFR, RS-30 / Legal and conforming use
Minerals	So consideration has been given to any mineral deposits on the property. In this market mineral deposits do not generally affect value, especially due to preservation and hazardous area regulations.
Marketability and Appeal	The subject is competitive in the market due to its location.

SUMMARY OF IMPROVEMENT CHARACTERISTICS

Building Area	<p>Total of 10,325 square feet GBA all above grade</p> <p>Horse Barn – 1,440 square feet</p> <p>Hay Barn – 828 square feet</p> <p>Riding Arena – 4,656</p> <p>Dog Kennel – 966 square feet</p> <p>Maintenance Building – 1,625 square feet</p> <p>Equipment Shed – 810 square feet</p>
Stories	One
Construction Type/Quality	<p>Horse Barn – Class D – Average</p> <p>Hay Barn – Class S – Average</p> <p>Riding Arena – Class S – Average</p> <p>Dog Kennel – Class C – Average</p> <p>Maintenance Building – Class D – Average</p> <p>Equipment Shed – Class D - Average</p>
Year Built/Condition	Circa early and mid 1900s / Average for its age; see cost approach for additional details
Use and Occupancy	Initially Designed for supportive uses; the subject was vacant at the time of inspection.
Exterior Finish	Wood shingle and some masonry and brick
Interior Finish	<p>Horse Barn – dirt floor, rough finish walls and open wood joist ceiling</p> <p>Hay Barn – dirt floor, open sides open wood joist ceiling</p> <p>Riding Arena – dirt floor, open sides with some plastic coverings and some wood walls, open wood joist ceilings</p> <p>Dog Kennel – Interior brick walls, open wood joist ceilings, brick and dirt floors</p> <p>Maintenance Building – Concrete floor, rough finish walls, open wood joist ceilings</p> <p>Equipment Shed – concrete floor, rough finish walls, open wood joist ceilings</p>

SUMMARY OF IMPROVEMENT CHARACTERISTICS

Roof	Gable with shingles
Ceiling Height	Clear ceiling heights vary from 12 to 14 feet.
HVAC	Gas-fired package HVAC
Electrical	220 amps in some buildings; apparently adequate for residential use
Functional Utility	The functional utility is typical for the use for all buildings except the dog kennel
Site Improvements	Stone, gravel and dirt driveway, some wood fencing, partial stone walls, covered wood pile area
Personal Property	None included in the valuation.
Assessment and Taxes	Total assessment of \$35,790 and taxes of \$2,274.82 (\$0.22 per sq ft) for tax year 2003
Marketability and Appeal	Limited (See below)

The subject is a unique property and somewhat special use due to its proximity to the Redstone Castle and the Carriage House. The Six Outbuildings function as support for the Castle and Carriage House and the activities inherent in the operation of the properties as a bed and breakfast, residential estate or tourist attraction. The combination of historic significance and preservation of portions of the property within a very unusual community creates factors which will appeal to a limited market. In addition the improvements by themselves are somewhat limited in utility as they are supportive of the primary improvements nearby. Although the entire three parcel property is beautiful, interesting and historically appealing, the functional utility of the overall property suffers from obsolescence due to older design and construction. This is true of the outbuildings as well. Most buyers of estate properties are interested in acquiring a modicum of comfort and convenience. The museum and historic quality of the Redstone Castle plus Carriage House and the Six Outbuildings might attract a benefactor that would be interested in preserving the integrity of the castle along with the Carriage House and Six Outbuildings and its specific attributes.

MARKETABILITY AND MARKETING/EXPOSURE PERIODS

The subject property is limited in its ability to compete in the overall residential market. Its unique qualities will have appeal to a specific market that is intrigued by its historic characteristics. However, generally historic significance is not quantifiable and does not necessarily equate to a higher value. On the contrary, it may have a negative affect on value due to restrictions placed upon use and development.

The value estimate contained in this report is premised on 12 to 24 of exposure period prior to the hypothetical consummation of a sale on the effective date of the appraisal. Additionally, if properly priced and marketed, the property would be expected to sell within 12 to 24 of marketing period.

HIGHEST AND BEST USE

Highest and best use is defined as:

the reasonably probable and legal use of the property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.²

Highest and Best Use as Though Vacant. In the test of the highest and best use of potential uses, the use that produced the highest price or value consistent with the rate of return was Residential. Therefore, in our opinion, the highest and best use of the site, as if vacant and available for development, would be for residential development per zoning.

Highest and Best Use as Improved. The property, as currently improved, is legally permissible, physically possible, and financially feasible. However is not the use that would be maximally productive. Therefore, in our opinion, the highest and best use of the property as improved is residential development per zoning.

²Uniform Standards of Professional Appraisal Practice (Appraisal Foundation, 2003 Edition), p. 223.

APPRAISAL PROCEDURES

In this part of the report, we set forth the data and analyses to estimate market value of the property. The applicable appraisal technique in analysis of the subject property is the cost approach. The subject is a special use property. Generally with a special use property the cost approach is the appropriate approach to value.

The income approach was considered but not utilized as historic attempts to operate the Redstone Castle along with the Carriage House and Six Outbuildings as a bed and breakfast and local attraction have been marginally financially feasible. The lease of the subject buildings would not generate sufficient income to induce investment.

An extensive regional and national search has been made for similar sales of historic supportive properties. Our research did not reveal any suitable comparable sales. The specific nature of the subject and its proximity to the village of Redstone with its historic significance is unique.

The following sections summarize the application of the cost approach.

COST APPROACH

In the cost approach, the appraiser derives an opinion of a property's value by estimating the replacement cost new (RCN) of the improvements, deducting the estimated accrued depreciation, and adding the market value of the land.

Land Valuation

A summary of the comparables follows. The land area of the subject property is ~~42.04~~ 42¹/₂ acres. The three land comps sold between August 2002 and November 2003; range in size from 35.00 to 75.50 acres; and range in unadjusted unit value from \$7,000 to \$10,000 per acre.

Adjustments were made for location, altitude, lot size, river frontage, zoning, and Section 1041 Approval.

COST APPROACH

A 1041 Hazard Review Site Plan is required prior to the issuance of any building permits pursuant to Subsection 5-70-040 of the Land Use Code. The time and cost of this process manifests in a positive quantifiable difference of between 5 to 10% in market value. Even though valuation of the land is assumed vacant, the subject property is assumed to have this approval as it grand fathered due to its current improvements. Land Comp 1 has 1041 Approval, while Land Comps 2 and 3 do not.

Lot sizes of properties similar to the subject are typically about 35.00 acres due to zoning requirements. Developmental studies were not available for the subject property.

SUMMARY OF LAND SALES							
No.	Location	Sale Date	Sale Price	Acres	Price/Acre	Zoning	Comments
1	Coal Creek Road Redstone, Colorado	Nov-03	\$350,000	35.00	\$10,000	AFR-10	This sale is located about 1/2 mile northwest of the subject. It was Section 1041 approved at the time of sale. This sale was adjusted upward for lack of river frontage and downward for smaller size. The adjusted price per acre was \$10,531.
2	Marble Mountain Mesa, Colorado	Oct-02	\$245,000	35.00	\$7,000	Res.	This sale is located a few miles south of the subject in Marble. This sale was adjusted upward for market conditions, inferior location and mountainside altitude, lack of river frontage and not 1041 Approval. It was adjusted downward for size as smaller parcels tend to sell for more per unit and superior zoning. Overall the adjusted price per acre was \$9,775.
3	Highway 133 Redstone, Colorado	Aug-02	\$740,000	75.50	\$9,801	RS-30	This sale is located in the valley along Highway 133 with some river frontage as does the subject. It was adjusted upward for market conditions and lack of 1042 approval and downward for size. Overall the adjusted price per acre is \$10,704.

COST APPROACH

Based on the subject's characteristics and the foregoing summary analysis of the comparables, our opinion of the market value of the land is:

42⁺/-42.04 Acres @ [REDACTED]/Acre

Rounded

Improvement Valuation

Estimating the RCN entails calculating direct (or hard) costs, indirect (or soft) costs, and entrepreneurial (or developer's) profit. After inspecting the improvements, we prepared a cost estimate using the Marshall and Swift Valuation service, a nationally recognized and accepted construction cost-estimating service.

The building improvement costs, including indirect and entrepreneurial profit, were estimated at [REDACTED]. The land improvements' costs new were estimated at [REDACTED].

Accrued Depreciation

As an improvement ages, it typically loses value, or depreciates. Accrued depreciation reflects the difference between the RCN of an improvement and its market value as of the date of an appraisal; this difference in value may result from physical deterioration, functional obsolescence, external obsolescence, or any combination of the three. Based on a review of the various construction components and giving consideration to their effective age in comparison to their expected life if new resulted in composite depreciation of 75% for the building and 70% for the land improvements.

COST APPROACH

Summation

The value indicated by the cost approach is summarized as follows.

COST APPROACH - SIX OUTBUILDINGS			
RCN Building Improvements			
Less: Depreciation (Econ, age-life)	75%		
Depreciated RCN Buildings			
RCN Site Improvements			
Less: Depreciation	70%		
Add: Land Value			
Total			
Rounded			

RECONCILIATION OF VALUE

These approaches to value applied in the subject analysis yielded the following conclusions:

Cost Approach

[REDACTED]

Income Capitalization Approach

Not applicable

Sales Comparison Approach

Not applicable

Depending on the circumstances of an appraisal, the three approaches to value apply to various degrees. The cost approach usually receives the most weight when the improvements are special use, new or nearly new and/or when they are fully utilized. The income capitalization approach indicates the amount at which a prudent investor might be interested in acquiring the property. The sales comparison approach reflects demand and reasonable selling price expectancy as evidenced by sales and listings of similar properties.

The subject is considered to be special use therefore the single approach to value is the cost approach.

Based on the preceding summary analysis and placing sole emphasis on the cost approach, our opinion of the market value of the subject property, based on a reasonable marketing period of 12 to 24 and exposure period of 12 to 24, as of December 12, 2003, was:

[REDACTED]

ASSUMPTIONS AND LIMITING CONDITIONS

Summary Appraisal Report

This is a *Summary Appraisal Report*, which is intended to comply with the reporting requirements set forth in Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a *Summary Appraisal Report*. As such, it does not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses are retained in our file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. Marshall & Stevens Incorporated is not responsible for the unauthorized use of this report.

Title to Real Estate

No investigation of legal title was made, and we render no opinion as to ownership of the property or condition of the title. We assume the following:

1. The title to the property is marketable.
2. Unless otherwise indicated in this report, the property is free and clear of all liens, encumbrances, easements, and restrictions.
3. The property does not exist in violation of any applicable codes, ordinances, statutes, or other government regulations.
4. The property is under responsible ownership and competent management and is available for its highest and best use.

Sketches and Maps

Sketches and maps in this report are presented to aid the reader in visualizing the property and are based on field investigations made by the appraiser. Dimensions and descriptions are based on public records and information furnished by others and are not meant for use as references in matters of survey.

Information and Data

Information supplied by others which was considered in this valuation came from sources believed to be reliable, and we assume no further responsibility for its accuracy. We reserve the right to adjust the valuation herein reported as required by consideration of additional or more reliable data that may become available.

ASSUMPTIONS AND LIMITING CONDITIONS

It is assumed that the information supplied by the source outlined within this report, if any, is accurate. The appraiser assumes no responsibility for independently verifying this information. If the client has any questions regarding this information, it is the client's responsibility to seek whatever independent verification is deemed necessary.

Information to assist us in this assignment regarding the subject property was furnished by the following individuals:

Name/Phone	Relation	Information Supplied
Anthony Pounder	EG&G Technical Services, Inc.	Floor plans and recent land survey
Peter Martin, Esquire	Attorney for the Redstone Historical Society	Former 1996 appraisal
Pitkin County Zoning	County Zoning Department	Zoning information
Pitkin County Tax Assessor	County Tax Assessor	Property card records

This data furnished to us by the above sources is deemed reliable. Any inaccuracies in this information could require a recertification of our value estimate.

Unexpected Conditions

We assume no hidden or unexpected conditions of the property exist which would adversely affect value.

Distribution of Value

The distribution of total value between land and improvements applies only under the stated program of utilization. The separate values for land and improvements shall not be used with any other appraisal, and such use shall invalidate them.

Date of Value

The date of value to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The dollar amount of any value reported is based on the purchasing power of the U.S. dollar as of that date.

We assume no responsibility for economic or physical factors occurring after the date of value, which may affect the opinions reported.

ASSUMPTIONS AND LIMITING CONDITIONS

Inspection

The property appraised was inspected by Marshall & Stevens Incorporated's personnel and was appraised based on information provided to us. When the date of inspection differs from the effective date of appraised value, we have assumed no material change in the condition of the property, unless otherwise noted in the report.

Legal or Specialized Expertise

No opinion is intended to be expressed for matters that require legal or specialized expertise, investigation, or knowledge beyond that customarily employed by appraisers. This report addresses no issues of law, engineering, code conformance, insect or rodent infestation, or toxic contamination or discharge, inter alia, unless specifically identified in the body of the report.

Sale or Purchase

Our opinion of value presented herein reflects Marshall & Stevens Incorporated's considered opinion based on the facts and data in the report. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.

Court Testimony

Testimony or attendance in court by reason of this appraisal shall not be required unless arrangements for such services have previously been made.

Compensation

The professional fee paid to Marshall & Stevens Incorporated in connection with the rendering of this report was not contingent upon the conclusions reached or the substance of the report presented. Any subsequent services related to this appraisal assignment (e.g., testimony, updates, conferences and reprint or copy services) would require special arrangements in advance.

Mineral Rights

The value of mineral rights, if any, was not considered in this appraisal unless otherwise noted.

ASSUMPTIONS AND LIMITING CONDITIONS

Structural Deficiencies

We found no obvious evidence of structural deficiencies unless otherwise stated. However, no responsibility for structural soundness or conformity to city, county, or state building and safety codes can be assumed without an independent structural engineering report.

It is assumed that there are no structural defects hidden by floor or wall coverings or any hidden or unapparent conditions on the property; that all mechanical equipment and appliances are in reasonable working condition; and that all electrical components and the roofing are in reasonable condition.

Soil Conditions

Detailed soil studies of the subject property were unavailable to us. Therefore, statements herein on soil qualities shall not be considered conclusive, although they were considered consistent with information available to us.

We presume that there are no hidden or unexpected conditions of the property that would adversely affect the value. Specifically, an investigation of the property's underlying geological make-up of the existing substrata relative to their susceptibility towards present or future sudden collapse or gradual subsidence resulting in what is commonly referred to as "sinkhole catastrophe" or sudden settlement of filled areas has not been conducted, unless statements to the contrary are clearly outlined in this report.

Confidentiality/Advertising

This report and supporting notes are confidential. Neither any part nor the whole of this appraisal shall be copied or disclosed to any party or conveyed to the public in spoken or written form through advertising, public relations, news, sales, or any other means without the prior written consent and approval of both Marshall & Stevens Incorporated and its client.

Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by a person other than the party to whom it is addressed without the written consent of Marshall & Stevens Incorporated, and in any event, only with proper written qualification; it must also appear in its entirety.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal has been prepared for the exclusive right of the client shown in this report. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his (her) own risk and without any recourse or liability to the appraiser.

Hazardous Substances

Hazardous substances, if present in a facility, can introduce an actual or potential liability that will adversely affect the marketability and value of the facility. Such liability may take the form of immediate recognition of existing hazardous conditions; future liability could stem from the release of currently non-hazardous contaminants, such as asbestos fibers or toxic vapors from urea formaldehyde foam insulation, through aging or building renovations. In the development of our opinion of value, no consideration has been given to such liability or its impact on value.

The professional staff of Marshall & Stevens Incorporated is not qualified to make any investigation to determine the possible presence of toxic materials requiring either immediate or future correction. There are experts in this field who can conduct such investigations and provide guidance regarding the impact of toxic materials that may be present in the subject property.

The client is encouraged to retain an environmental expert to conduct an environmental investigation of the property.

The Americans With Disabilities Act (ADA)

This act became effective January 6, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property unless specifically mentioned in this report.

ASSUMPTIONS AND LIMITING CONDITIONS

Earthquakes

Although earthquakes are not common in the area, no responsibility is assumed for their possible effect on individual properties unless detailed geologic reports are made available to us.

Property Included

No consideration was given in this appraisal to personal property on the premises; only the real estate was considered.

APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the properties involved in this engagement.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- To the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, the Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute and the American Society of Appraisers.
- The American Society of Appraisers has a mandatory recertification program for all of its senior members. I am in compliance with the requirements of that program.
- The use of this report is subject to the requirements of the Appraisal Institute and the American Society of Appraisers and state regulatory requirements relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.

APPRAISER CERTIFICATION

- This analysis was not based upon requested minimum value, a specific value, or the approval of a loan. Therefore, I have determined that the final estimate of value was made without influence by the lender or the client.
- I, Cherin L. Mooradian, MAI, ASA, have made a personal inspection of the property that is the subject of this report on December 12, 2003 and the market data.
- Neither all nor any part of the contents of this report (especially any conclusions of value, the identity of the appraiser or the firm with which I am connected, or any reference to the Appraisal Institute, American Society of Appraisers, or to the MAI or the ASA designation) shall be disseminated to the public through advertising, public relations, news, sales, or any other public medium without the prior written consent and approval of the undersigned.
- No one provided significant professional assistance to the person signing this report.
- The indicated market value that was provided within this appraisal report is "as is" and is defined as "the value of the property in its current physical condition and subject to the zoning in effect as of the date of value."
- An analysis of current market conditions has been considered, and a reasonable estimated marketing time for the appraised property has been reported within this appraisal.

Cherin L. Mooradian

Cherin L. Mooradian, MAI, ASA
Colorado Certified General Real Estate
Temporary Appraiser No. AT 40036461

LEGAL DESCRIPTION

The following material preserves all idiosyncrasies of grammar, usage, punctuation, spelling, capitalization, and typography in the official document from which it was transcribed.

Land areas used in this appraisal were obtained from surveys or public records furnished by the client and/or obtained from municipal offices and have not been verified by legal counsel or a licensed surveyor. The legal description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney.

LEGAL DESCRIPTION

CERTIFICATE OF TAXES DUE

CERT # 20030223

SCHEDULE NO: R014528
ASSESSED TO:
SERENITY OPTIONS LLC
68 REDSTONE BLVD

ORDER NO: 700328
VENDOR NO: 201
TITLE CO OF THE ROCKIES
600 EAST HOPKINS AVE

REDSTONE, CO 81623

ASPEN, CO 81611

LEGAL DESCRIPTION:

SECT, TWP, RANG 20-10-88 DESC: BARN PARCEL TRACT OF LAND IN E1SW4 & W2SE4 OF SEC 20-10-88 & BEING DESC AS FOLLOWS BEGINNING AT A PT WH A STONE FOUND IN PLACE FOR THE WITNESS CORNER TO THE SW CORNER OF SAID SEC 20 BEARS S 71 DEG 15'53" W 2164.01 FT TH S 79 DEG 09'36" E 124.71 FT TH N 28 DEG 33'26" E 105.14 FT TH N 12 DEG 30'11" E 54.24 FT TH N 23 DEG 34'12" E 119.92 FT TO A PT IN THE CENTERLINE OF A ROADWAY AS BUILT & IN PLACE TH ALONG CENTERLINE OF SAID ROADWAY ON THE FOLLOWING COURSES N 03 DEG 37'15" W 37.59 FT TH N 21 DEG 35'48" E 152.46 FT TH N 31 DEG 34'37" E 106.3 FT TH N 39 DEG 11'43" E 34.57 FT TH N 29 DEG 55'39" E 54.06 FT TH N 21 DEG 19'55" E 25.26 FT TH N 23 DEG 42'19" E 81.91 FT TH N 19 DEG 10'30" E 72.17 FT TH N 01 DEG 50'31" W 43.86 FT TH N 02 DEG 15'19" E 88.67 FT TH LEAVING SAID ROADWAY CENTERLINE ON A COURSE BEARING S 63 DEG 13'20" E FOR 143.03 FT TH S 85 DEG 07'15" E 181.11 FT TH N 63 DEG 25'04" E 156.14 FT TH S 65 DEG 10'01" E 357.28 FT TH S 1348.24 FT TH N 59 DEG 45'31" W 1161.86 FT TO A ROAD INTERSECTION AS BUILT TH S 85 DEG 01'19" E 667.80 FT TH S 72 DEG 49' 03" W 80.00 FT TH N 17 DEG 10'57" W 267.15 FT TH N 72 DEG 49'03" E 80.00 FT TO THE PT OF BEGINNING CONT 42.04 AC ML SUBJECT TO & TOGETHER WITH A 60 FT ACCESS & UTILITY EASEMENT PLUS LOT LINE ADJUSTMENT TO INCLUDE LOTS 3 4 5 6 7 OF RIVERSIDE PARK SUB

TAX YEAR	CHARGE	TAX AMOUNT	INTEREST	FEES	PAID	TOTAL DUE
2002	TAX	2,274.82	0.00	0.00	0.00	2,274.82
	TOTAL TAXES					2,274.82
TAX YEAR	TAX LIEN SALE	TLS AMOUNT	INTEREST	FEES	PAID	TOTAL DUE
2001	20020093	2,577.72	64.44	7.00	0.00	2,649.16
	TOTAL TAX LIEN					2,649.16

GRAND TOTAL DUE GOOD THROUGH 01/30/2003

4,923.98

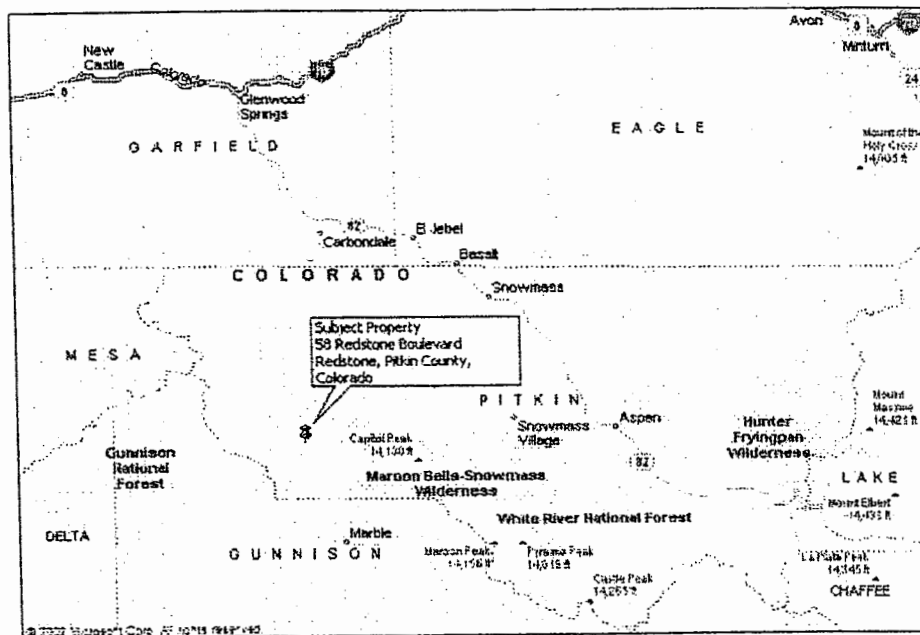
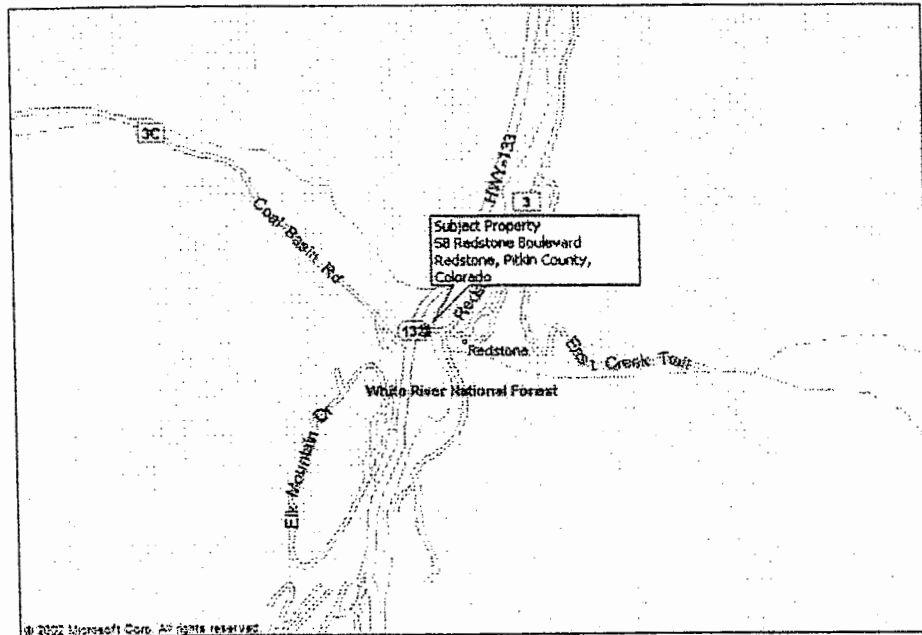
ORIGINAL TAX BILLING FOR 2002 TAX DISTRICT 030 - JT12-WDR

Authority	Mill Levy	Amount	Value	Actual	Assessed
PITKIN COUNTY	2.934	111.87	AGRI LAND	7,000	2,030
OPEN SPACE & TRAILS	3.773	142.88	AGRI IMPRO	123,600	35,840
CARBONDALE FIRE PROTECTN	5.168	195.71			
REDSTONE WATER & SAN	7.638	289.23	TOTAL	130,600	37,870
ROARING FORK SCHOOL DIST	34.556	1,308.64			
COLORADO MTN COLLEGE	3.997	151.37			
COLORADO RIVER WATER CONSV	0.255	9.66			
WEST DIVIDE WATER CONSERV	0.193	7.31			
PITKIN COUNTY LIBRARY	1.072	40.60			
HUMAN SVC & OTHER GRANTS	0.463	17.53			

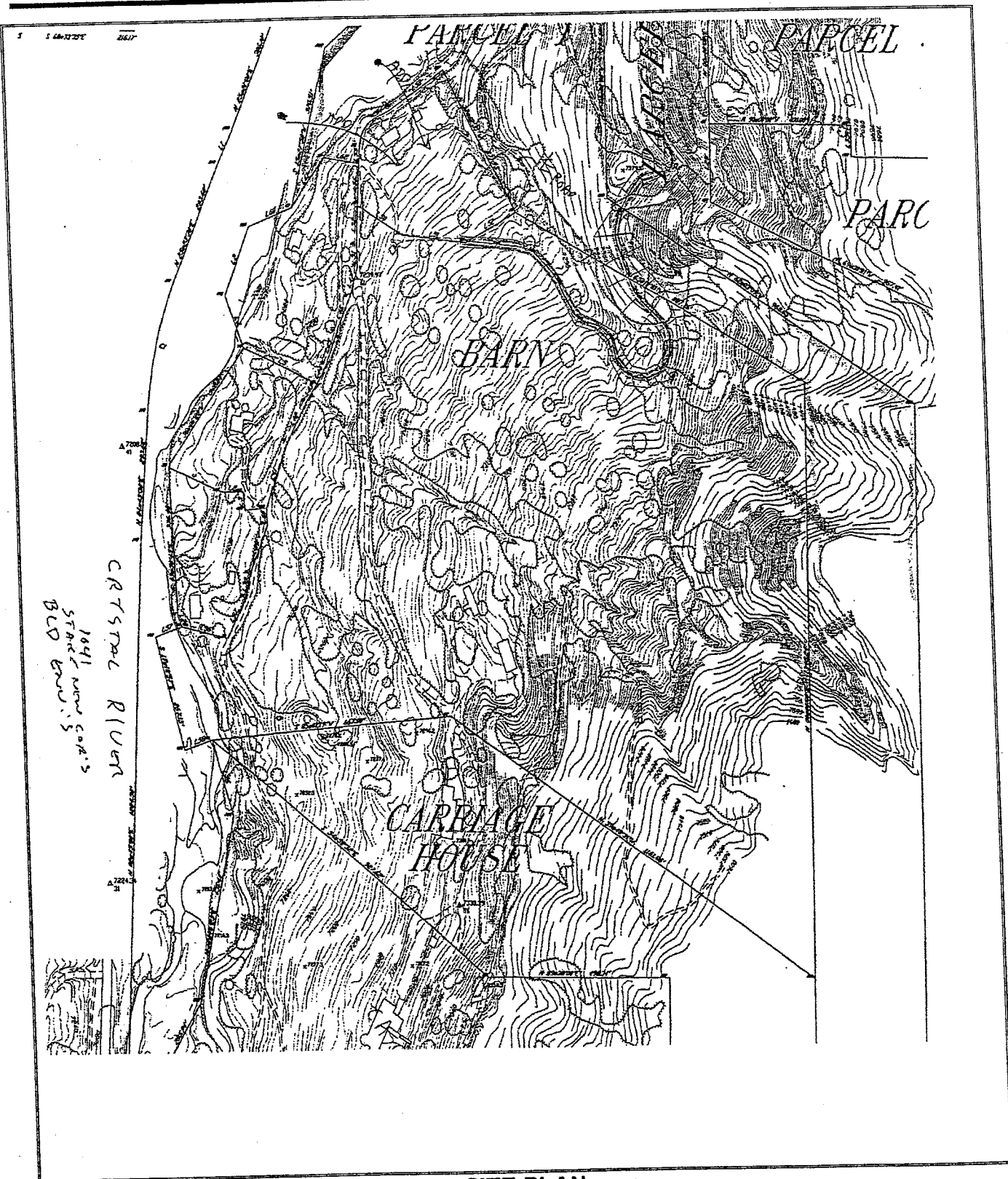
TAXES FOR 2002 60.069 2,274.82

FEE FOR THIS CERTIFICATE

10.00



LOCATION MAPS



SITE PLAN

C-1

marshall

valuation consulting

stevens

1700 Market Street
Suite 1510
Philadelphia, PA 19103-3915
215.561.5600
215.557.7280 fax
www.marshall-stevens.com

February 6, 2004

File Reference: 11-31-50726.1.doc

EG&G Technical Services, Inc.
7723 Ashton Avenue
Manassas, Virginia 20109

At your request, we have inspected and appraised the real estate located at 58 Redstone Boulevard, Redstone, Pitkin County, Colorado, known as Redstone Castle and owned by Tranquil Options, LLC. The subject property was not occupied at the time of inspection. The property appraised consists of a site of ~~143.94~~ ^{72 +/-} acres. The land is improved with one primary building containing 20,559 square feet, built in 1897, plus a garden house, fire-hose house, and gazebo. The land is zoned AFR and RS-30. It is identified as tax parcel 272929100006.

The subject is part of an assemblage of three parcels. We have been asked to appraise them separately. The parcels include the Redstone Castle on ~~143.94~~ ^{72 +/-} acres, the Redstone Carriage House on ~~40.0~~ ^{36 +/-} acres, and six Outbuildings on ~~42.04~~ ^{42 +/-} acres. We have used the land parcel sizes as referenced in the Pitkin County Tax Assessor's property record cards.

The purpose of this appraisal is to express our opinion of the market value of the fee simple interest in the real estate, subject to the definitions of value, assumptions and limiting conditions, and certifications in the attached *Complete Appraisal* presented in a *Summary Report* format. The property was inspected on December 12, 2003. A copy of our engagement letter appears in the Addenda to this report. The user/recipient of this report is EG&G Technical Services, Inc.

At the client's request, the scope of this report is limited to a brief recapitulation of the appraiser's data, analyses, and conclusions, which are being presented in this *Summary Report* format. Supporting documentation is retained in our files. To develop the opinion of value, we performed a complete appraisal process as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). This means that no departures from Standard 1 were invoked.

Atlanta
Chicago
Houston
Los Angeles
New York
Philadelphia
San Francisco
St. Louis
Tampa

It is our understanding that the intended use of this appraisal report is to be used for as an aid in determining a reasonable basis for purchase or sale; its use for any other purpose or valuation date may invalidate the appraisal.

Based on the data and conclusions in the attached report, it is our opinion that as of December 12, 2003, the market value of the property appraised was:

[REDACTED]

[REDACTED]

Descriptions of the property appraised and explanations of the appraisal procedures used are presented in the report.

A copy of this report and the field data supporting it will remain in our files for review on request.

Very truly yours,

Marshall & Stevens Incorporated

MARSHALL & STEVENS INCORPORATED

CLM/sp

PR 31

marshall

valuation consultants

stevens

SUMMARY APPRAISAL REPORT

OF THE
RESIDENTIAL PROPERTY

KNOWN AS
REDSTONE CASTLE
OWNED BY
TRANQUIL OPTIONS, LLC

LOCATED AT
**58 REDSTONE BOULEVARD
REDSTONE, PITKIN COUNTY, COLORADO**

APPRAISED BY
CHERIN L. MOORADIAN, MAI, ASA
COLORADO CERTIFIED GENERAL REAL ESTATE APPRAISER NO. AT 40036461

VALUATION DATE
DECEMBER 12, 2003

MARSHALL & STEVENS INCORPORATED
VALUATION AND FINANCIAL CONSULTANTS

SUMMARY OF SITE CHARACTERISTICS

Land Area	143.94 acres 72 7/8 acres
Location	58 Redstone Boulevard, Redstone, Pitkin County, Colorado
Shape/Frontage	Irregular / Along the Crystal River
Access/Visibility	Remote / Good from Highway 133 along the Crystal River
Topography/Soil Conditions	Mountainous / Adequate for current use
Functional Utility	Adequate for the current use
Utilities	Public water, sewer, gas, and electric are available.
Easements/Encroachments	Normal utility easements are in place and are assumed to have no detrimental effect on value. / None identified
Flood Zone/Drainage	Non-flood Zone X, and flood zones AE and AO, on Panel No. 08097C 054C, dated 6/4/1987 / Adequate
Adjacent Property Uses	Vacant land to the south, residential development across Crystal River and Highway 133 to the west, Redstone Inn and the Village of Redstone to the north, mountain side to the east
Detrimental Conditions	No other detrimental conditions restricting the efficient use or appeal of the property are identified.
Zoning/Conformity	AFR, RS-30 / Legal and conforming use
Minerals	So consideration has been given to any mineral deposits on the property. In this market mineral deposits do not generally affect value, especially due to preservation and hazardous area regulations.
Marketability and Appeal	The subject is competitive in the market due to its location.

SUMMARY OF IMPROVEMENT CHARACTERISTICS

Building Area	19,233 square feet GBA; 13,291 above grade and 5,942 square feet of walk-out basement
Stories	2+ levels above grade and walk-out finished basement
Construction Type/Quality	Class C- Type FP VI / Excellent
Year Built/Condition	1897 / Average for its age; see cost approach for additional details
Use and Occupancy	Designed for residential uses; the subject was vacant at the time of inspection.
Exterior Finish	Stucco and wood shingle
Interior Finish	Hardwood and tile floors, plaster and wood panel walls, leather, velvet and imported silk wall coverings, plaster and decorative metal ceilings; cherry wood wainscot, gilded woodwork, gold leaf accents, 15 fireplaces, original solid wood doors, arches over windows and doors, ornate decoration
Kitchen	The kitchen has been dismantled. The space available for this use is adequate, but all appliances, cabinets and fixtures have been removed
Roof	Composite shingle
Fenestration	Original wood single pane sash, many of unusually large size
Ceiling Height	Clear ceiling heights vary from 8 to 24 feet.
HVAC	Steam heat, free-standing cast iron radiators
Electrical	220 amps; apparently adequate for multi-residential use
Functional Utility	The subject suffers from obsolescence due to the lack of a kitchen and older bath rooms, otherwise functional utility is good.
Site Improvements	Stone, gravel and dirt driveway, wood fencing, partial stone walls, brick courtyard entrance, wood deck, attached garage, sidewalks, front patio, carriage house, fire-hose house, and garden house

SUMMARY OF IMPROVEMENT CHARACTERISTICS

Layout	<p>First Level – large foyer, reception area, library, two story living room, central two story fireplace, additional fireplaces in other rooms, interior enclosed porch, dining room, unfinished kitchen area with butlers pantry, servants apartment with two fireplaces, pantry, cold storage room, detached carriage shelter and coachman quarters with kitchenette and full bathroom, attached garage used for storage</p> <p>Second Level – eight bedrooms and eight bathrooms over the main portion of the house, seven bedrooms, and three full bathrooms in the east wing</p> <p>Third Level – maids room and nursery with full bathroom and a dormitory room between the second and third levels</p> <p>Basement – 50% finished with lavish hardwood walls and marble floors, coat room, walk-in vault, secretary room, office, billiard or game room, bar and wine room, octagon room, trunk room, fuel room, armory, elevator, and fan room, utility rooms for laundry, and boiler room.</p>
Personal Property	None included in the valuation
Assessment and Taxes	Total assessment of \$750,200 and taxes of \$42,901.88 (\$2.23 per sq ft) for tax year 2003
Marketability and Appeal	Limited (See below)

The subject is a unique property and somewhat special use. The combination of historic significance and preservation of the property in much of its original condition within a very unusual community creates factors which will appeal to a limited market. Although beautiful, interesting and historically appealing, the functional utility of the property suffers from obsolescence such as lack of updated bathrooms and the lack of a kitchen. Many bedrooms are very small and the ratio of bathrooms to bedrooms in the east wing is less than what would be desirable in a bed and breakfast scenario. Most buyers of estate properties are interested in acquiring a modicum of comfort and convenience. The older systems and construction are more expensive to maintain without providing the conveniences. While it is likely to attract interest, a permanent residence within the Castle requires a specific buyer interested in the unique ambiance that it provides. The museum and historic quality of the subject and its contents might attract a benefactor that would be interested in preserving the integrity of the castle and its specific attributes.

MARKETABILITY AND MARKETING/EXPOSURE PERIODS

The subject property is limited in its ability to compete in the residential and multi-residential market. Its unique qualities will have appeal to a specific market that is intrigued by its historic characteristics. However, generally historic significance is not quantifiable and does not necessarily equate to a higher value. On the contrary, it may have a negative affect on value due to restrictions placed upon use and development.

The value estimate contained in this report is premised on 12 to 24 months of exposure period prior to the hypothetical consummation of a sale on the effective date of the appraisal. Additionally, if properly priced and marketed, the property would be expected to sell within 12 to 24 months of marketing period.

HIGHEST AND BEST USE

Highest and best use is defined as:

the reasonably probable and legal use of the property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.²

Highest and Best Use as Though Vacant. In the test of the highest and best use of potential uses, the use that produced the highest price or value consistent with the rate of return was Residential. Therefore, in our opinion, the highest and best use of the site, as if vacant and available for development, would be for residential development per zoning.

Highest and Best Use as Improved. The property, as currently improved, is legally permissible, physically possible, and financially feasible. Therefore, in our opinion, the highest and best use of the property as improved is its current use as a private residence.

²Uniform Standards of Professional Appraisal Practice (Appraisal Foundation, 2003 Edition), p. 223.

APPRAISAL PROCEDURES

In this part of the report, we set forth the data and analyses to estimate market value of the property. The applicable appraisal technique in analysis of the subject property is the cost approach. The subject is a special use property. Generally with a special use property the cost approach is the appropriate approach to value.

The income approach was considered but not utilized as historic attempts to operate the subject as a bed and breakfast and local attraction have been marginally financially feasible. The lease of the subject for private residential use would not generate sufficient income to induce investment.

An extensive regional and national search has been made for similar sales of historic properties. Our research did not reveal any suitable comparable sales. The specific nature of the subject and its proximity to the village of Redstone with its historic significance is unique.

The following sections summarize the application of the cost approach.

COST APPROACH

In the cost approach, the appraiser derives an opinion of a property's value by estimating the replacement cost new (RCN) of the improvements, deducting the estimated accrued depreciation, and adding the market value of the land.

Land Valuation

A summary of the comparables follows. The land area of the subject property is ~~143.94~~ 143.94 72¹/₂ acres. The three land comps sold between August 2002 and November 2003; range in size from 35.00 to 75.50 acres; and range in unadjusted unit value from \$7,000 to \$10,000 per acre.

Adjustments were made for location, altitude, lot size, river frontage, zoning, and Section 1041 Approval.

COST APPROACH

A 1041 Hazard Review Site Plan is required prior to the issuance of any building permits pursuant to Subsection 5-70-040 of the Land Use Code. The time and cost of this process manifests in a positive quantifiable difference of between 5 to 10% in market value. Even though valuation of the land is assumed vacant, the subject property is assumed to have this approval as it grand fathered due to its current improvements. Land Comp 1 has 1041 Approval, while Land Comps 2 and 3 do not.

Lot sizes of properties similar to the subject are typically about 35.00 acres due to zoning requirements. Developmental studies were not available for the subject property.

SUMMARY OF LAND SALES							
No.	Location	Sale Date	Sale Price	Acres	Price/Acre	Zoning	Comments
1	Coal Creek Road Redstone, Colorado	Nov-03	\$350,000	35.00	\$10,000	AFR-10	This sale is located about 1/2 mile northwest of the subject. It was Section 1041 approved at the time of sale. This sale was adjusted upward for lack of river frontage and downward for smaller size. The adjusted price per acre was \$6,519.
2	Marble Mountain Mesa, Colorado	Oct-02	\$245,000	35.00	\$7,000	Res.	This sale is located a few miles south of the subject in Marble. This sale was adjusted upward for market conditions, inferior location and mountainside altitude, lack of river frontage and not 1041 Approval. It was adjusted downward for size as smaller parcels tend to sell for more per unit and superior zoning. Overall the adjusted price per acre was \$6,878.
3	Highway 133 Redstone, Colorado	Aug-02	\$740,000	75.50	\$9,801	RS-30	This sale is located in the valley along Highway 133 with some river frontage as does the subject. It was adjusted upward for market conditions and lack of 1042 approval and downward for size. Overall the adjusted price per acre is \$6,626.

COST APPROACH

Based on the subject's characteristics and the foregoing summary analysis of the comparables, our opinion of the market value of the land is:

72% ~~143.94~~ Acres @ [REDACTED] Acre

Rounded [REDACTED]

Improvement Valuation

Estimating the RCN entails calculating direct (or hard) costs, indirect (or soft) costs, and entrepreneurial (or developer's) profit. After inspecting the improvements, we prepared a cost estimate using the Marshall and Swift Valuation service, a nationally recognized and accepted construction cost-estimating service.

The building improvement costs, including indirect and entrepreneurial profit, were estimated at [REDACTED]. The land improvements' costs new were estimated at [REDACTED].

Accrued Depreciation

As an improvement ages, it typically loses value, or depreciates. Accrued depreciation reflects the difference between the RCN of an improvement and its market value as of the date of an appraisal; this difference in value may result from physical deterioration, functional obsolescence, external obsolescence, or any combination of the three. Based on a review of the various construction components and giving consideration to their effective age in comparison to their expected life if new resulted in composite depreciation of 72% for the building and 72% for the land improvements.

COST APPROACH

Summation

The value indicated by the cost approach is summarized as follows.

COST APPROACH SUMMARY - Redstone Castle			
RCN Building Improvements			
Less: Depreciation (Econ. age-life)	72%		
Depreciated RCN Buildings			
RCN Site Improvements			
Less: Depreciation	72%		
Depreciated RCN Site Improvements			
Add: Land Value			
Total			
Rounded			

RECONCILIATION OF VALUE

These approaches to value applied in the subject analysis yielded the following conclusions:

Cost Approach	[REDACTED]
Income Capitalization Approach	Not applicable
Sales Comparison Approach	Not applicable

Depending on the circumstances of an appraisal, the three approaches to value apply to various degrees. The cost approach usually receives the most weight when the improvements are special use, new or nearly new and/or when they are fully utilized. The income capitalization approach indicates the amount at which a prudent investor might be interested in acquiring the property. The sales comparison approach reflects demand and reasonable selling price expectancy as evidenced by sales and listings of similar properties.

The subject is considered to be special use therefore the single approach to value is the cost approach.

Based on the preceding summary analysis and placing sole emphasis on the cost approach, our opinion of the market value of the subject property, based on a reasonable marketing period of 12 to 24 months and exposure period of 12 to 24 months, as of December 12, 2003, was:

[REDACTED]

[REDACTED]

ASSUMPTIONS AND LIMITING CONDITIONS

Summary Appraisal Report

This is a *Summary Appraisal Report*, which is intended to comply with the reporting requirements set forth in Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a *Summary Appraisal Report*. As such, it does not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses are retained in our file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. Marshall & Stevens Incorporated is not responsible for the unauthorized use of this report.

Title to Real Estate

No investigation of legal title was made, and we render no opinion as to ownership of the property or condition of the title. We assume the following:

1. The title to the property is marketable.
2. Unless otherwise indicated in this report, the property is free and clear of all liens, encumbrances, easements, and restrictions.
3. The property does not exist in violation of any applicable codes, ordinances, statutes, or other government regulations.
4. The property is under responsible ownership and competent management and is available for its highest and best use.

Sketches and Maps

Sketches and maps in this report are presented to aid the reader in visualizing the property and are based on field investigations made by the appraiser. Dimensions and descriptions are based on public records and information furnished by others and are not meant for use as references in matters of survey.

Information and Data

Information supplied by others which was considered in this valuation came from sources believed to be reliable, and we assume no further responsibility for its accuracy. We reserve the right to adjust the valuation herein reported as required by consideration of additional or more reliable data that may become available.

ASSUMPTIONS AND LIMITING CONDITIONS

It is assumed that the information supplied by the source outlined within this report, if any, is accurate. The appraiser assumes no responsibility for independently verifying this information. If the client has any questions regarding this information, it is the client's responsibility to seek whatever independent verification is deemed necessary.

Information to assist us in this assignment regarding the subject property was furnished by the following individuals:

Name	Relation	Information Supplied
Anthony Pounder	EG&G Technical Services, Inc.	Floor plans and recent land survey
Peter Martin, Esquire	Attorney for the Redstone Historical Society	Former 1996 appraisal
Pitkin County Zoning	County Zoning Department	Zoning information
Pitkin County Tax Assessor	County Tax Assessor	Property card records

This data furnished to us by the above sources is deemed reliable. Any inaccuracies in this information could require a recertification of our value estimate.

Unexpected Conditions

We assume no hidden or unexpected conditions of the property exist which would adversely affect value.

Distribution of Value

The distribution of total value between land and improvements applies only under the stated program of utilization. The separate values for land and improvements shall not be used with any other appraisal, and such use shall invalidate them.

Date of Value

The date of value to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The dollar amount of any value reported is based on the purchasing power of the U.S. dollar as of that date.

ASSUMPTIONS AND LIMITING CONDITIONS

We assume no responsibility for economic or physical factors occurring after the date of value, which may affect the opinions reported.

Inspection

The property appraised was inspected by Marshall & Stevens Incorporated's personnel and was appraised based on information provided to us. When the date of inspection differs from the effective date of appraised value, we have assumed no material change in the condition of the property, unless otherwise noted in the report.

Legal or Specialized Expertise

No opinion is intended to be expressed for matters that require legal or specialized expertise, investigation, or knowledge beyond that customarily employed by appraisers. This report addresses no issues of law, engineering, code conformance, insect or rodent infestation, or toxic contamination or discharge, inter alia, unless specifically identified in the body of the report.

Sale or Purchase

Our opinion of value presented herein reflects Marshall & Stevens Incorporated's considered opinion based on the facts and data in the report. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.

Court Testimony

Testimony or attendance in court by reason of this appraisal shall not be required unless arrangements for such services have previously been made.

Compensation

The professional fee paid to Marshall & Stevens Incorporated in connection with the rendering of this report was not contingent upon the conclusions reached or the substance of the report presented. Any subsequent services related to this appraisal assignment (e.g., testimony, updates, conferences and reprint or copy services) would require special arrangements in advance.

ASSUMPTIONS AND LIMITING CONDITIONS

Mineral Rights

The value of mineral rights, if any, was not considered in this appraisal unless otherwise noted.

Structural Deficiencies

We found no obvious evidence of structural deficiencies unless otherwise stated. However, no responsibility for structural soundness or conformity to city, county, or state building and safety codes can be assumed without an independent structural engineering report.

It is assumed that there are no structural defects hidden by floor or wall coverings or any hidden or unapparent conditions on the property; that all mechanical equipment and appliances are in reasonable working condition; and that all electrical components and the roofing are in reasonable condition.

Soil Conditions

Detailed soil studies of the subject property were unavailable to us. Therefore, statements herein on soil qualities shall not be considered conclusive, although they were considered consistent with information available to us.

We presume that there are no hidden or unexpected conditions of the property that would adversely affect the value. Specifically, an investigation of the property's underlying geological make-up of the existing substrata relative to their susceptibility towards present or future sudden collapse or gradual subsidence resulting in what is commonly referred to as "sinkhole catastrophe" or sudden settlement of filled areas has not been conducted, unless statements to the contrary are clearly outlined in this report.

Confidentiality/Advertising

This report and supporting notes are confidential. Neither any part nor the whole of this appraisal shall be copied or disclosed to any party or conveyed to the public in spoken or written form through advertising, public relations, news, sales, or any other means without the prior written consent and approval of both Marshall & Stevens Incorporated and its client.

ASSUMPTIONS AND LIMITING CONDITIONS

Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by a person other than the party to whom it is addressed without the written consent of Marshall & Stevens Incorporated, and in any event, only with proper written qualification; it must also appear in its entirety.

This appraisal has been prepared for the exclusive right of the client shown in this report. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his (her) own risk and without any recourse or liability to the appraiser.

Hazardous Substances

Hazardous substances, if present in a facility, can introduce an actual or potential liability that will adversely affect the marketability and value of the facility. Such liability may take the form of immediate recognition of existing hazardous conditions; future liability could stem from the release of currently non-hazardous contaminants, such as asbestos fibers or toxic vapors from urea formaldehyde foam insulation, through aging or building renovations. In the development of our opinion of value, no consideration has been given to such liability or its impact on value.

The professional staff of Marshall & Stevens Incorporated is not qualified to make any investigation to determine the possible presence of toxic materials requiring either immediate or future correction. There are experts in this field who can conduct such investigations and provide guidance regarding the impact of toxic materials that may be present in the subject property.

The client is encouraged to retain an environmental expert to conduct an environmental investigation of the property.

The Americans With Disabilities Act (ADA)

This act became effective January 6, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct

ASSUMPTIONS AND LIMITING CONDITIONS

evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property unless specifically mentioned in this report.

Earthquakes

Although earthquakes are not common in the area, no responsibility is assumed for their possible effect on individual properties unless detailed geologic reports are made available to us.

Property Included

No consideration was given in this appraisal to personal property on the premises; only the real estate was considered.

The subject is part of an assemblage of the three parcels including the Redstone Castle on 42⁺-
72⁺- ~~143.94~~ acres, a Carriage House on ~~40~~ acres, and six Outbuildings on ~~42.04~~ acres. This
report is one of three reports addressing the entire assemblage. 36⁺-

APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the properties involved in this engagement.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- To the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, the Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute and the American Society of Appraisers.
- The American Society of Appraisers has a mandatory recertification program for all of its senior members. I am in compliance with the requirements of that program.
- The use of this report is subject to the requirements of the Appraisal Institute and the American Society of Appraisers and state regulatory requirements relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.

APPRAISER CERTIFICATION

- This analysis was not based upon requested minimum value, a specific value, or the approval of a loan. Therefore, I have determined that the final estimate of value was made without influence by the lender or the client.
- I, Cherin L. Mooradian, MAI, ASA, have made a personal inspection of the property that is the subject of this report on December 12, 2003 and the market data.
- Neither all nor any part of the contents of this report (especially any conclusions of value, the identity of the appraiser or the firm with which I am connected, or any reference to the Appraisal Institute, American Society of Appraisers, or to the MAI or the ASA designation) shall be disseminated to the public through advertising, public relations, news, sales, or any other public medium without the prior written consent and approval of the undersigned.
- No one provided significant professional assistance to the person signing this report.
- The indicated market value that was provided within this appraisal report is "as is" and is defined as "the value of the property in its current physical condition and subject to the zoning in effect as of the date of value."
- An analysis of current market conditions has been considered, and a reasonable estimated marketing time for the appraised property has been reported within this appraisal.

Cherin L. Mooradian

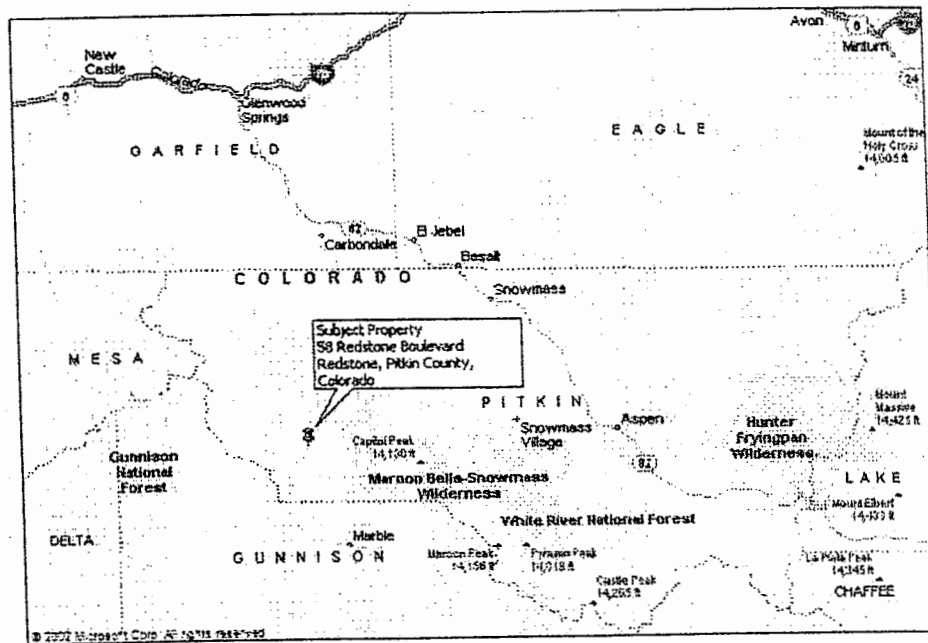
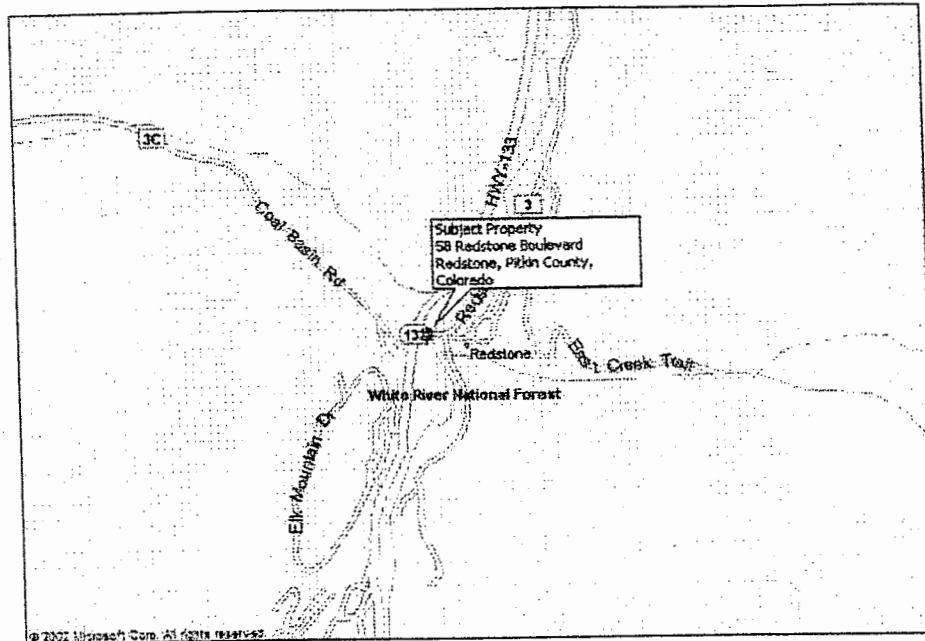
Cherin L. Mooradian, MAI, ASA
Colorado Certified General Real Estate
Appraiser No. AT 40036461

LEGAL DESCRIPTION

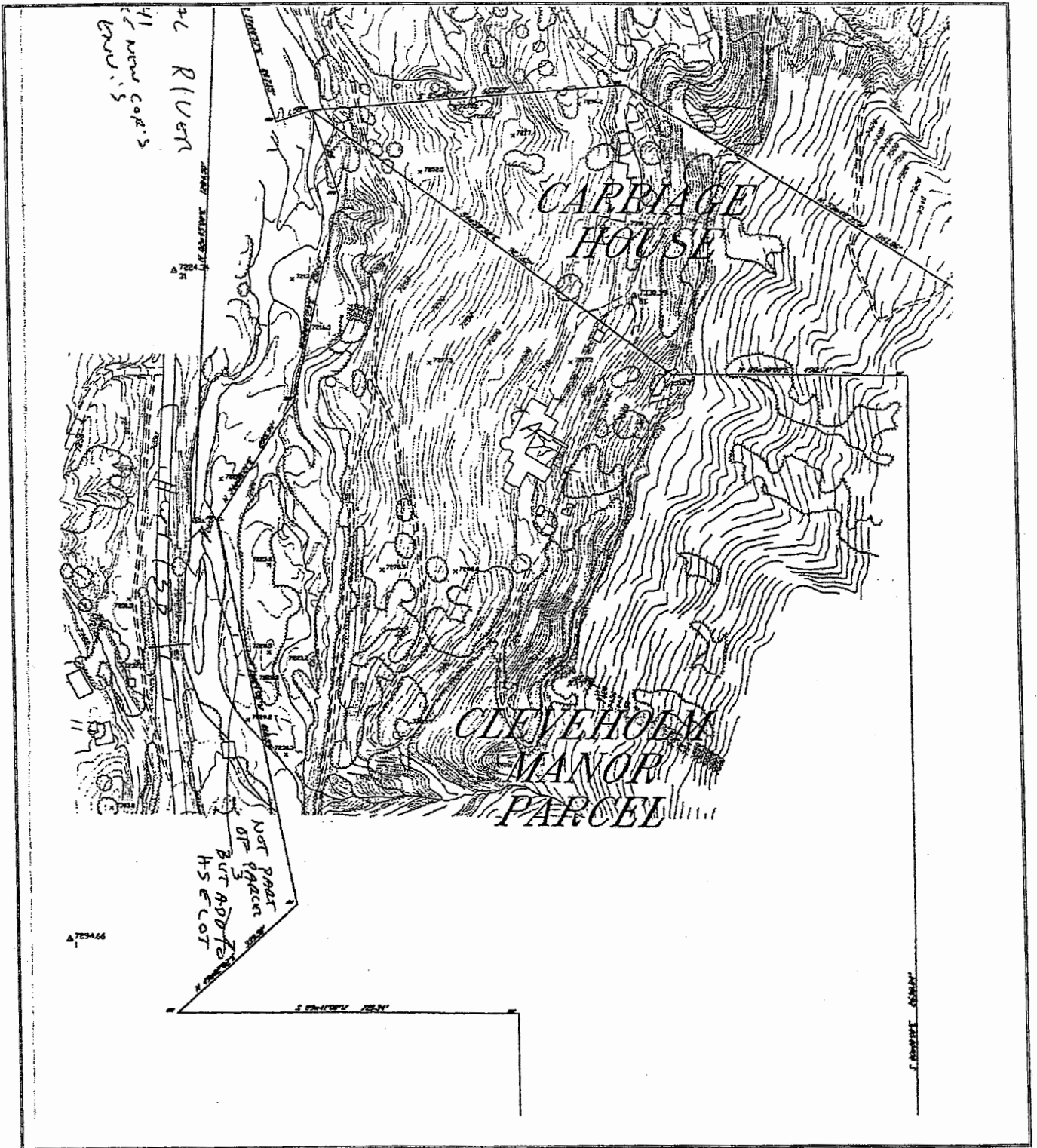
The following material preserves all idiosyncrasies of grammar, usage, punctuation, spelling, capitalization, and typography in the official document from which it was transcribed.

Land areas used in this appraisal were obtained from surveys or public records furnished by the client and/or obtained from municipal offices and have not been verified by legal counsel or a licensed surveyor. The legal description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney.

SECT. TWN. RNG. 20-10-88 DESC. THE
REDSTONE CASTLE PARCEL OF LAND IN
SE4SW4 OF SEC 20 & NE4NW4 & W2NE4
OF SEC 29-10-88 LYING ELY OF CENTER
OF CRYSTAL RIVER



LOCATION MAPS



SITE PLAN

AFTERNOON TOUR

May 28th - Oct. 11th

1:30 -Thursday

Friday

Sunday

Monday

Saturday schedule varies

- call for details

963-2526

\$12 pp

\$10. National Trust

Members

\$6. Children under 12

Purchase your tickets at
**least 30 mins before
the tour** from the
Redstone Inn or
Redstone General Store.

Every Wednesday
beginning June 30th

TWILIGHT RECEPTION

"Wine, Cheese &
History"

\$24 pp

call Redstone Inn to
reserve 963-2526 or by
reservation for groups of
16 or more.

SPECIAL EVENTS:

Wedding ceremonies
begin at \$1,000.

Catered receptions at
\$5,000.

"Wine, Cheese &
History" Receptions -

\$24 pp

[Click here](#)

TOUR THE CASTLE...

Summer Only

Visit the 42 room estate of John Cleveland Osgood completed in 1902 at the cost of \$2,500,000. Professional tour guides will make the history come alive. Known as the Cleveholm Manor, it rivaled the finest estates in Europe.

Located on 150 acres only 45 minutes from Aspen, 30 minutes from Glenwood Springs and 15 minutes above Carbondale on Hwy. 133. **Castle access is only available thru scheduled tours.** Join us and step back in time...

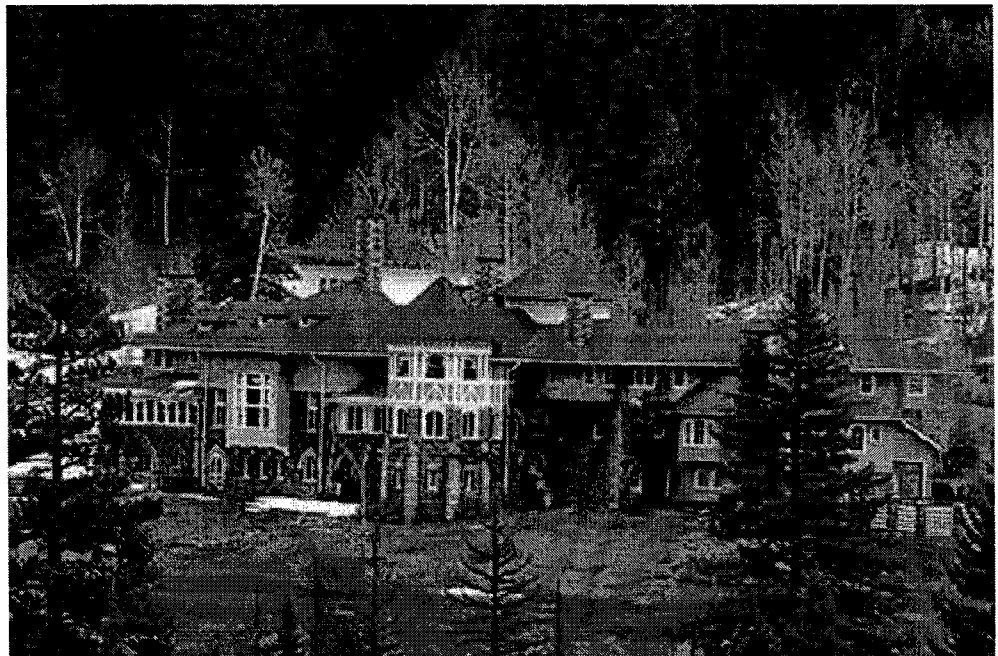
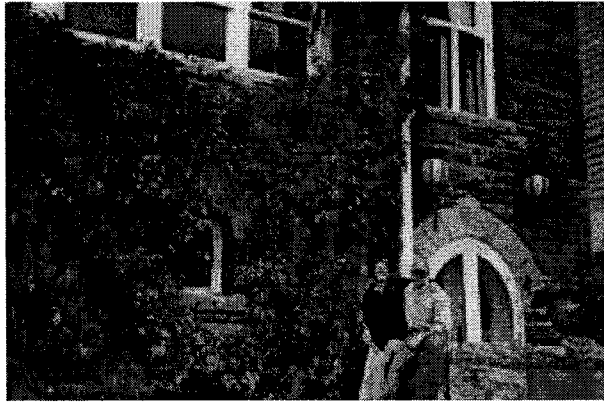


Photo credit: Ed Kosmicki; photo from sourcewest.com

The Castle was built by Coal Baron John C. Osgood to impress his peers - the likes of JD



Bring your camera!

Rockefeller, JP Morgan, President Teddy Roosevelt, and let us not forget, Osgood's three wives...

Redstone Inn

Sponsors the tours - Proceeds are dedicated to the operation and upkeep of Redstone Castle. Thank you for your support!

For more information on the legal status of the Redstone Castle - [click here](#).

Redstone Inn

www.redstoneinn.com

970-963-2526

All tours depart from the Redstone Inn, there is no public access.

The Castle Story

relives the industrialism of the west. Fortunes were made in iron, steel, coal, railroads and oil. Wealth was won, lost, and consumed.

One of the richest and most private men in America at the turn of the 20th century was John C. Osgood. He was one of the elite industrialists labeled the Robber Barons. Osgood, a self made man, was a perplexing mix of feudalism and capitalism and industrial paternalism.

Osgood, in the spirit of his time, built the opulent Redstone Castle

for himself and his succession of 3 wives... Irene, Alma, and Lucile.

Architects Boals & Harnois, not only designed the Castle, but built the entire village within a three year period. There was a schoolhouse, clubhouse, and worker housing all in a harmonious style.

Redstone was a model company town, part of a sociological experiment conducted by Osgood and the company sociologist Dr. Corwin...

The Castle is open to the public for scheduled tours and special events. Purchase your tickets from the Redstone Inn and the Redstone General Store, or call ahead for reservations. The Redstone Castle closes Oct. 11th, 2004.

(970) 963-2526
REDSTONE INN
82 Redstone Blvd.
Redstone, CO

IRENE



Osgood designed the Castle for Irene, a romance novelist.

JOHN C. OSGOOD



Built utopian Redstone to give substance to his ideas of industrial paternalism.

ALMA



It was Alma, presumed to be a Swedish princess, who moved in and was beloved in the village.

LUCILLE



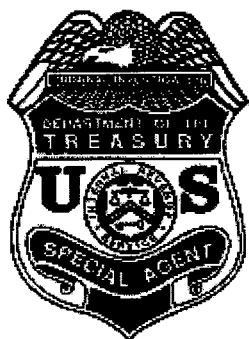
It was mysterious Lucille who inherited the entire estate including Redstone.

For information on the criminal investigation, [click here](#).

REDSTONE INN

82 Redstone Blvd. Redstone CO, 81623
Toll Free (800) 748-2524
Tel (970) 963-2526
Fax (970) 963-2527
info@redstoneinn.com

[Home](#) | [Availability](#) | [Room Pricing](#) | [Driving/Map](#) | [Restaurant](#) | [Banquets](#) | [Winter](#) | [Spring](#) | [Summer](#) | [Fall](#) | [Exploring](#)



Media Contact Only: Anthony Poi
EG&G Technical Se
310.639

PRESS RELEASE

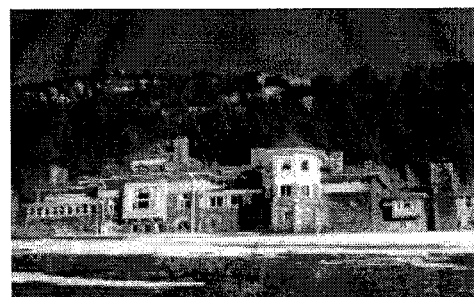
DATE April 28, 2

Redstone, Colorado

HISTORIC REDSTONE CASTLE TO RE-OPEN

On March 4, 2003, The Redstone Castle, the historic Mansion of one of the richest men in America at the turn of the 19th century, was formally seized by the Department of Treasury, Internal Revenue Service, Criminal Investigation.

The U.S. Attorney's office, Denver CO., recognizing the significance that the Redstone Castle plays in the economic vitality of Redstone, CO and the historically important story it tells in the "boom and bust" history of the wild west to thousands of visitors a year, is working with local interests to keep that tradition going.



Thanks to the management of the Redstone Inn, another historic property located in Redstone, and under the oversight of Tour Director Sue McCall, the government will re-open The Redstone Castle on a limited basis to regular tours and special events.

The traditional Redstone Castle '1:30 tour', will begin Memorial weekend. This popular 1½ hour tour through the 24,000 sq. foot mansion grounds revisits the colorful history of Redstone. "Beginning July new 'Twilight Tour' limited to 16 guests, will be added" said Debby Smith, Redstone Inn General Manager. This tour will provide an intimate setting that focuses on the ambiance and flavor of the Castle, she added.

The Redstone Inn has rallied to help preserve the Castle and agree to cover the expenses to open and operate the building. "I'm optimistic at least in the short term, that we can create a situation that is self-sustaining," said Redstone Inn managing partner John F. Gilmore. "It's a win-win for the community and the Castle interests." "We treasure the Castle and will work hard to keep it alive and well," Gilmore said.

Tour tickets and tour information will be available through the Redstone Inn.

Inn front desk and Redstone General Store. Contact: Deborah Strom, Mgr. or Sue McEvoy, Tour director at Redstone Inn, 82 Redstone Bl Redstone CO, 81623 (970) 963-2526.



SUMMARY APPRAISAL OF REAL PROPERTY

LOCATED AT

410 Redstone Boulevard
Redstone, CO 81623

for

E.G. & G. Technical Service
2629 Santa Cruz Way
Sacramento, CA
95817

as of

January 13, 2005

by

Clark Cretti
P. O. Box 7
Carbondale, CO 81623

High Country Appraisal

Complete Appraisal Analysis - Summary Appraisal Report

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 2005005

Property Description

Property Address	410 Redstone Boulevard	City	Redstone	State	CO	Zip Code	81623
Legal Description	Lots 32 and 32A, Redstone Subdivision			County	Pitkin		
Assessor's Parcel No.	2729-174-01-017	Tax Year	2003	R.E. Taxes \$	2,523.78	Special Assessments \$	None
Borrower	N/A	Current Owner	Tranquil Options LLC	Occupant:	<input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant		
Property rights appraised	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold	Project Type	<input type="checkbox"/> PUD <input type="checkbox"/> Condominium (HUDVA only)	HOA\$	None	/Mo.
Neighborhood or Project Name	Crystal River Valley	Map Reference	Attached	Census Tract	N/A		
Sale Price	\$ N/A	Date of Sale	Description and \$ amount of loan charges/concessions to be paid by seller				
Lender/Client	E.G. & G. Technical Service	Address	2629 Santa Cruz Way, Sacramento, CA, 95817				
Appraiser	Clark Cretti	Address	High Country Appraisal Assoc., P.O. Box 7, Carbondale, CO 81623				
Location	<input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Predominant occupancy	<input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vacant (over 5%)	Single family housing PRICE (\$000)	AGE (yrs)	Present land use %	Land use change
Built up	<input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Growth rate	<input checked="" type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	300	Low	98	<input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> In process <input type="checkbox"/> Likely
Property values	<input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	Demand/supply	<input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In balance	1000+	High	100	To:
Marketing time	<input type="checkbox"/> Under 3 mos. <input checked="" type="checkbox"/> 3-6 mos. <input type="checkbox"/> Over 6 mos.			350-750	10+	2	

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood boundaries and characteristics: The neighborhood is defined as the Crystal River Valley, extending from the town of Carbondale on the north to the base of McClure Pass 20 miles to the south, and including the village of Redstone.

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):

The neighborhood offers a secluded mountain valley setting within reasonable proximity to schools and shopping facilities in Carbondale. The neighborhood is comprised of small, well spaced single family residential subdivisions, as well as scattered single family uses and larger acreage parcels used primarily for estate/gentleman ranch purposes. Main delivery is through the Carbondale Post Office. Schools in Carbondale provide bus transportation. The neighborhood has good access to four-season recreational amenities.

Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time - such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and the financing concessions, etc.):

The resort towns of Aspen and Snowmass Village are located 28 miles southeast of Carbondale (and about 45 highway miles from Redstone). Market conditions in the neighborhood and area are stable. Real estate values are stable following a several year period of increasing values. When marketed at realistic prices, most properties sell within six months. Due to good demand, seller concessions are rare. Conventional financing is readily available.

Project Information for PUDs (If applicable) - Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☒ No

Approximate total number of units in the subject project: N/A

Approximate total number of units for sale in the subject project:

Describe common elements and recreational facilities: N/A

Dimensions	See attached site plan	Topography	Level / Typical
Site area	Approximately 7,800 s.f.	Size	Average / Typical
Specific zoning classification and description	Village Residential/Commercial	Shape	Generally regular / Typical
Zoning compliance	<input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (Grandfathered use) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning	Drainage	Appears adequate / Typical
Highest & best use as improved:	<input checked="" type="checkbox"/> Present use <input type="checkbox"/> Other use (explain) See comments below	View	Good / Typical
Utilities	Public <input checked="" type="checkbox"/> Other <input type="checkbox"/>	Landscaping	Good / Typical
Electricity	<input checked="" type="checkbox"/> Propane/Typical	Driveway Surface	Gravel / Typical
Gas	<input checked="" type="checkbox"/>	Apparent easements	Utility / Typical
Water	<input checked="" type="checkbox"/>	FEMA Special Flood Hazard Area	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Sanitary sewer	<input checked="" type="checkbox"/>	FEMA Zone	Indeterminate Date 9/30/88
Storm sewer	<input checked="" type="checkbox"/> None/Typical	FEMA Map No.	08097C0154

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): Zoning permits residential or light commercial use; highest and best use is residential. The site is well landscaped. No adverse site conditions are noted. *** See Additional Comments ***

GENERAL DESCRIPTION	EXTERIOR DESCRIPTION	FOUNDATION	BASEMENT	INSULATION
No. of Units	1 + ADU	Foundation	P. concrete	Slab
No. of Stories	2	Exterior Walls	Clapboard	Crawl Space
Type (Det/Att.)	Detached	Roof Surface	Asphalt Shgle	Basement
Design (Style)	Victorian	Gutters & Downsp.	None/Typical	Sump Pump
Existing/Proposed	Existing	Window Type	Double glaze	Dampness
Age (Yrs.)	15	Storm/Screens	Screens	Settlement
Effective Age (Yrs.)	5-10	Manufactured House	No	Infestation

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												None
Level 1		1	1	1		1						1242
Level 2								2	1			715

Finished area above grade contains: 6 Rooms; 2 Bedroom(s); 3.0 Bath(s); 1,957 Square Feet of Gross Living Area

INTERIOR	HEATING	KITCHEN EQUIP.	ATTIC	AMENITIES	CAR STORAGE:
Floors	Materials/Condition	Refrigerator	None	Fireplace(s) #	None
Walls	Type	Range/oven	Stairs	Patio	Garage
Trim/Finish	Fuel	Disposal	Drop Stair	Deck	Attached
Bath Floor	Condition	Dishwasher	Scuttle	Porch	Detached
Bath Wainscot	COOLING	Fan/Hood	Floor	Fence	Built-In
Doors	Central	Microwave	Heated	Pool	Carport
	Other	Washer/Dryer	Finished		Driveway
	Condition				Yes

Additional features (special energy efficient items, etc.): The property includes a detached garage with an accessory dwelling unit (studio apartment) built over it. *** See Additional Comments ***

Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: The subject has a contemporary Victorian design. It is in good condition. The floor plan is slightly awkward, but could be modified, if wanted, relatively easily.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: We are not aware of any adverse environmental conditions that effect the subject property or neighborhood.

Complete Appraisal Analysis - Summary Appraisal Report

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 2005005

Valuation Section

C O S T A P P R O A C H	ESTIMATED SITE VALUE	= \$		Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): <u>Site value is based on sales of competitive sites and comparable listings. Reproduction cost data is collected from sources that include actual costs for comparable construction and cost data developed by the Marshall Valuation Service. Physical depreciation is calculated using the Age/Life method. Site improvements include water and sewer taps currently valued at \$20,000. See attached building sketch.</u>
	ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:			
	Dwelling	1,957 Sq. Ft. @ \$		
	ADU	372 Sq. Ft. @ \$		
	=			
	Garage/Carport	480 Sq. Ft. @ \$		
	Total Estimated Cost New			
	Less	15.0 Physical Functional External		
	Depreciation		= \$	
	Depreciated Value of Improvements		= \$	
"As-is" Value of Site Improvements		= \$		
INDICATED VALUE BY COST APPROACH			= \$	

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
410 Redstone Boulevard	2 Chair Mountain Drive	144 Crystal Park Drive	400 Crystal Park Drive	
Address	Redstone	Crystal River Park	Crystal River Park	
Proximity to Subject		1 mile south	1 mile south	1 mile south
Sales Price	\$ N/A	\$ 457,525	\$ 540,000	\$ 535,000
Price/Gross Liv. Area	\$ 0.17226	\$ 244.34	\$ 178.33	
Data and/or Verification Source	Inspection	Broker/MLS/Public Records	Broker/MLS/Public Records	Broker/MLS/Public Records
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Sales or Financing Concessions		Convent., No concessions	Cash	Convent., No concessions
Date of Sale/Time		07/27/2004	12/02/2004	08/27/2004
Location	Redstone	C.R. Park	C.R. Park	C.R. Park
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Site	0.18 ac / Avg	0.2 ac / Good	0.7 ac / 2 lots	0.5 ac / Good
View	Good / Typical	Good views	Good views	Good / Typical
Design and Appeal	Victorian/Good	Good	Good	Good
Quality of Construction	Good	Good	Good/Superior	Good/Superior
Age	1997	1994	Built 1981	Built 1997
Condition	Good	Good	Good/Superior	Very good
Above Grade	Total Bdms Baths	Total Bdms Baths	Total Bdms Baths	Total Bdms Baths
Room Count	6 2 3.0	7 3 2	6 3 2.5	7 4 2.5
Gross Living Area	1,957 Sq. Ft.	2,656 Sq. Ft.	2,210 Sq. Ft.	3,000 Sq. Ft.
Basement & Finished Rooms Below Grade	None	None	None	None
Functional Utility	Average	Average	Average	Average
Heating/Cooling	Propane	Propane	Propane	Propane
Energy Efficient Items	None	None	None	No special
Garage/Carport	1-2 car garage	1-2 car garage	1-Car Garage	2-Car Garage
Porch, Patio, Deck, Fireplace(s), etc.	Gas fireplace	WB Stove	Porches	Decks, porch
Fence, Pool, etc.	Studio apt.	None	None	None
Net Adj. (total)		-12,425	-56,475	-85,725
Adjusted Sales Price of Comparable		Gross 20.2% Net -2.7% \$ 445,100	Gross 26.2% Net -10.5% \$ 483,525	Gross 30.0% Net -16.0% \$ 449,275

Comments on Sales Comparison (including the subject property's comparability to the neighborhood, etc.): We acknowledge some of the comparable sales require more adjustment and/or are located further from the subject than is normally preferred. The subject area contains a relatively small number of properties, and the availability of sales data in a given period is typically limited. See additional comparable sales (following page). Comparable #1 has a competitive site/location in nearby Crystal River Park Subdivision. The sale home is larger, but it has no apartment. We note this home had a slightly awkward layout, similar to the subject. *** See Additional Comments ***

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal	8/7/00-\$415,000	9/00 - \$352,800	No previous transfers in 3 yrs	10/00 - \$439,500
Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal:	Public Records	Public records / Appraisal	Public Records	Public Records

The subject last sold in 2000 for \$415,000. To our knowledge, it has not been offered for sale in the interim.

INDICATED VALUE BY SALES COMPARISON APPROACH \$ N/A

INDICATED VALUE BY INCOME APPROACH (If Applicable) Estimated Market Rent \$ N/A / Mo. x Gross Rent Multiplier = \$ N/A

This appraisal is made ☒ "as is" ☐ subject to the repairs, alterations, inspections or conditions listed below ☐ subject to completion per plans and specifications.

Conditions of Appraisal: No contingencies. The property is appraised "as is." No furnishings or personal property are included in the value estimate.

Final Reconciliation: The Cost Approach indicates a value for the subject of approximately \$, while the more reliable Sales Comparison Approach indicates a value of \$. The Income Approach is not applicable. Based on the above, we estimate the subject's market value at \$.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/Fannie Mae Form 1004B (Revised 6/93).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF January 13, 2005

(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$

APPRaiser: Clark Cretti SUPERVISORY APPRAISER (ONLY IF REQUIRED): ☐ Did ☐ Did Not

Signature Clark Cretti Name Inspect Property ☐ Inspect Property

Date Report Signed January 14, 2005 Date Report Signed

State Certification # CR01313334 State CO State Certification # State

Or State License # Or State License #

Market Data Analysis 6-93

ADDITIONAL COMMENTS

Borrower or Owner **N/A**Property Address **410 Redstone Boulevard**City **Redstone**County **Pitkin**State **CO**Zip Code **81623**Lender or Client **E.G. & G. Technical Service****SITE**

Site is not within the flood plain with county-maintained dike, but is within flood plain on FEMA map. No adverse site conditions are noted.

As previously noted, the subject's zoning permits residential or commercial use. One intent of the zoning is to allow persons to have small tourist-oriented shops in conjunction with a primary residence. Past lot sales have indicated that there is little, if any, premium attached to the zoning. Further, due to the small size of the village, as well as the seasonal nature of the tourist business, which is primarily summer months, the income potential from such shops generally cannot justify the residential property value.

ADDITIONAL FEATURES

The floor plan of the home has been slightly altered to accommodate a small retail space in the front. This "shop" area contains about 342 s.f., and would ordinarily be a living room. The refrigerator in the kitchen is sitting in the area that would be the doorway connecting the living room to the kitchen.

The floor plan is slightly odd, in that the main floor has two baths but no bedroom. The second floor has two bedrooms and one bath, although one of the bedrooms does not have a closet.

The home has an attractive Victorian architecture. Extras include a gas fireplace, some hardwood flooring, tile counters in the kitchen, vaulted ceilings on the second floor and in the front "living room."

The studio apartment built over the garage contains 372 s.f., and includes a kitchenette and bath. The garage has been altered with the construction of a laundry room, which effectively restricts the garage to one car (or one regular car and one very small car).

Although the property is currently being rented as four separate spaces (the front shop, the main home, the studio apartment, and the garage as storage), it is our opinion that it would not be purchased for income production capabilities alone. As noted above, we believe the highest and best use is as a primary residence with an accessory dwelling unit over the garage, with limited potential for an in-home owner-operated retail shop or office.

COMMENTS ON SALES COMPARISON

Comparable #2 is located near Sale 1, but the property includes an additional lot. The sale home has a similar contemporary Victorian architecture, but it is superior in construction quality and condition. The home has a smaller garage, and no apartment.

Comparable #3 is located near Sales 1 and 2. This home is much larger and superior in construction quality and condition.

Comparable #4 involves a pending sale located next door to the subject. This property has the same zoning as the subject, and is currently being used as a primary residence with a small retail gift shop in the front. We note the purchasers intend to use the property as a primary residence only. The property has a somewhat larger site. The home is much larger, but the property has no garage or accessory dwelling unit. The home has a similar slightly awkward floor plan as a result of the front being devoted to shop space. We note the property has been on and off the market for several years, at prices ranging from \$472,000 to \$550,000. The property has been under contract since late September 2004, with the purchasers needing to sell another property before proceeding with the purchase.

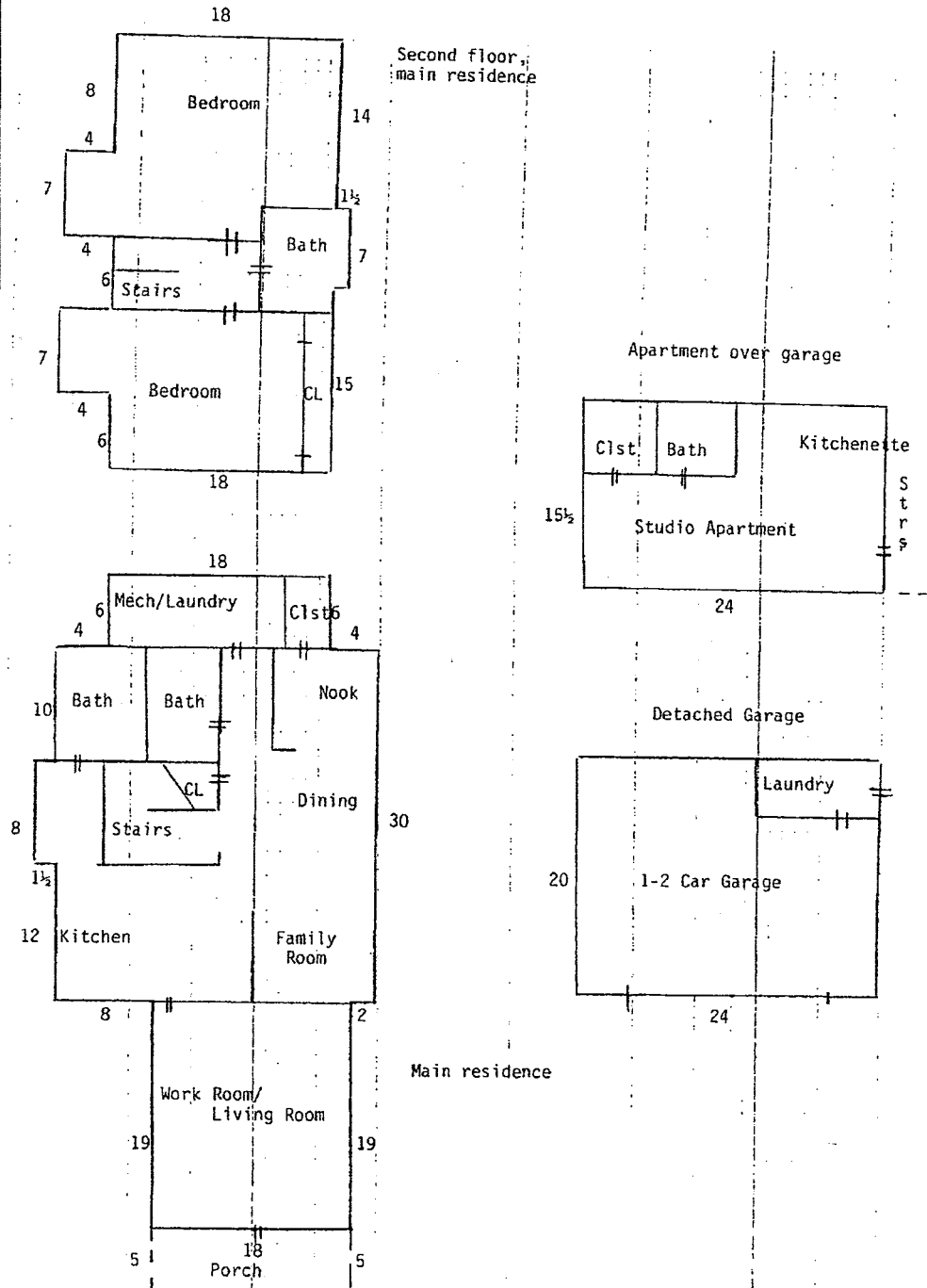
Comparable #5 is an older sale located along Redstone Boulevard. This property includes a second lot. The home is a renovated original Victorian home that is superior in appeal, quality and condition. The property includes a detached two car garage with an apartment built over it.

Comparable #6 is an older sale of a contemporary Victorian home located along Redstone Boulevard. The property has a superior site that adjoins the river the rear. The sale home is larger and superior in condition, but it does not have an apartment. Real estate values have not changed significantly in the interim.

The sales, as adjusted, indicate a range of value for the subject of approximately [REDACTED] to [REDACTED]. All six sales are considered reasonable indicators of value. Comparable #4, a pending sale, is particularly noteworthy given its location next door to the subject. Based on the above, the Sales Comparison Approach indicates a value for the subject of [REDACTED].

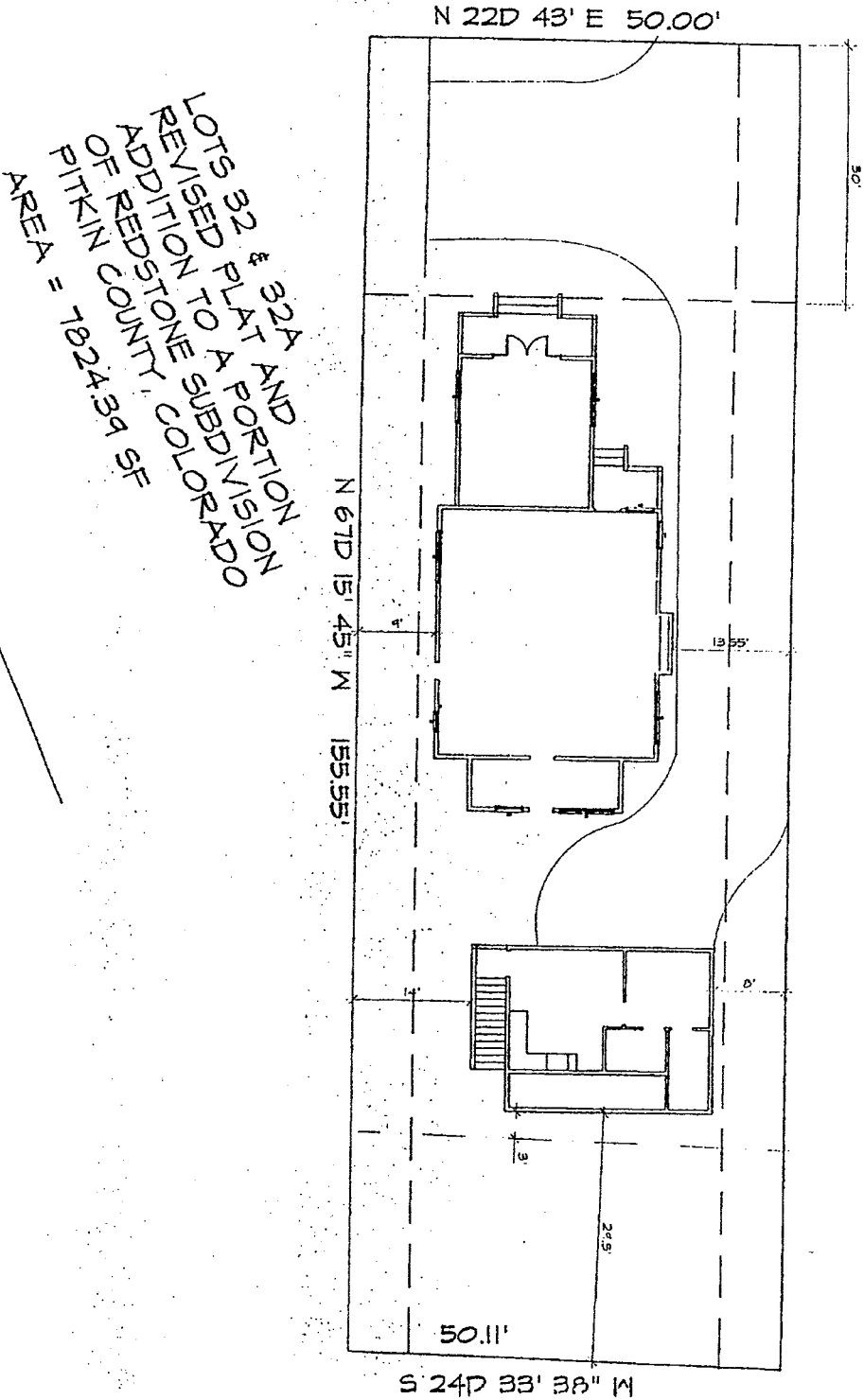
SKETCH ADDENDUM

Borrower or Owner	N/A				
Property Address	410 Redstone Boulevard				
City	Redstone	County	Pitkin	State	CO
Zip Code	81623				
Lender or Client	E.G. & G. Technical Service				



SITE PLAN

Borrower or Owner	N/A				
Property Address	410 Redstone Boulevard				
City	Redstone	County	Pitkin	State	CO
				Zip Code	81623
Lender or Client	E.G. & G. Technical Service				



F.I.R.R.E.A. ADDENDUMBorrower or Owner N/AProperty Address 410 Redstone BoulevardCity RedstoneCounty PitkinState COZip Code 81623Lender or Client E.G. & G. Technical Service**Purpose of the Appraisal**

The purpose of the appraisal is to estimate market value of the "fee simple interest" of the subject property, as defined by the Office of Thrift Supervision (OTS) and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

Scope of the Appraisal

The scope of the appraisal includes a physical inspection of the subject property. The appraiser has, at a minimum, inspected the exterior of comparable sales. The scope of the appraisal also includes investigation of applicable zoning & development of a highest and best use conclusion. Building cost data is collected from sources that include actual costs for comparable construction & cost data developed by the Marshall Valuation Service. Comparable sales data is collected from sources that include realtors, buyers, sellers, attorneys, & the applicable Multiple Listing Service. All market data is confirmed with a party to the sale, a realtor or attorney involved in the sale, MLS data, and/or public record data. It is the opinion of the Appraisal Standards Board that the level of detail of presentation of information suggested by the Uniform Residential Appraisal Report form is consistent with the requirements for a Complete Appraisal Analysis, Summary Appraisal Report. The appraisal is intended to conform to the requirements of the Uniform Standards of Professional Appraisal Practice and FIRREA, and those of the FDIC, FNMA, & FHLMC.

Report of the prior year sales history for the subject property

Is the subject property currently listed? ☐ Yes ☒ No List Price: \$ _____
 Has the property sold during the prior year? ☐ Yes ☒ No If yes, describe below

The property last sold in 2000 for \$415,000. To our knowledge, it has not been offered for sale in the interim.

Marketing Time

What is your estimate of marketing time for the subject property? Up to 12 months Describe below the basis (rationale) for your estimate?

Multiple Listing Service data and the actual marketing time of the comparable sales.

Non-real property transfers

Does the transaction involve the transfer of personal property, fixtures, or intangibles that are not real property? ☐ Yes ☐ No
 If yes, provide description and valuation below.

Not applicable.

Additional Comments

The intended use of the appraisal is to aid the client in determining a market value for the subject property. The intended user of the appraisal is the client (and/or assigns). This is a current appraisal, with the effective date of January 13, 2005. The date of the report is January 14, 2005. We have appraised the "fee simple" interest in the subject property, which is defined as "the absolute ownership unencumbered by any other interest or estate, subject only to the limitations of eminent domain, escheat, police power, and taxation."

Additional Certification

1. The acceptance of this appraisal assignment by the appraiser was not based on a requested minimum valuation, a specified valuation, or an approval of the loan.
2. The appraiser certifies that the compensation for this appraisal is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result of the occurrence of a subsequent event.
3. This appraisal has been prepared to conform with the Uniform Standards of Professional Appraisal practice ("USPAP") adopted by the Appraisal Standards Board of the Appraisal foundation, except the Departure Provision, unless otherwise stated below.
4. The appraiser has disclosed within this appraisal report, or below, all steps taken that were necessary or appropriate to comply with the Competency provision of the USPAP.

Date: January 14, 2005 Appraiser(s):

Clark Cretti
Clark Cretti

Date: Review Appraiser(s):

PHOTOGRAPH ADDENDUM

Borrower or Owner N/A

Property Address 410 Redstone Boulevard

City Redstone

County Pitkin

State CO

Zip Code 81623

Lender or Client E.G. & G. Technical Service

FRONT VIEW OF
SUBJECT PROPERTYREAR VIEW OF
SUBJECT PROPERTYSTREET SCENE OF
SUBJECT PROPERTY

PHOTOGRAPH ADDENDUM

Borrower or Owner N/A

Property Address 410 Redstone Boulevard

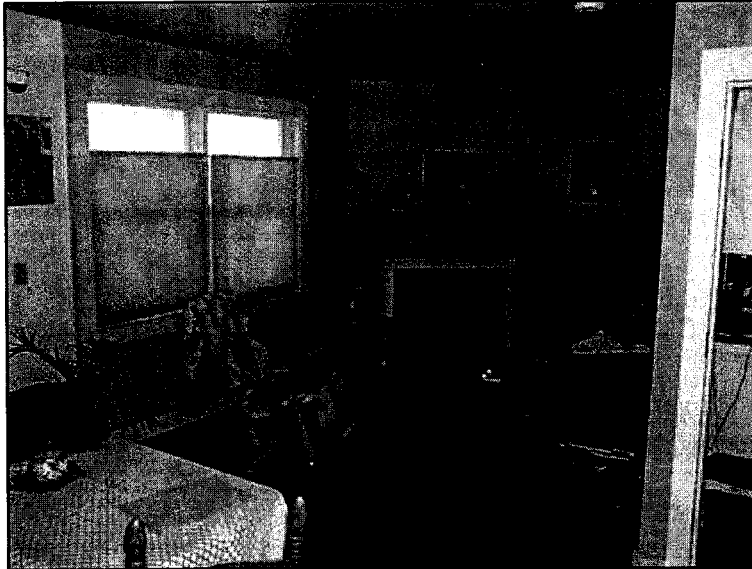
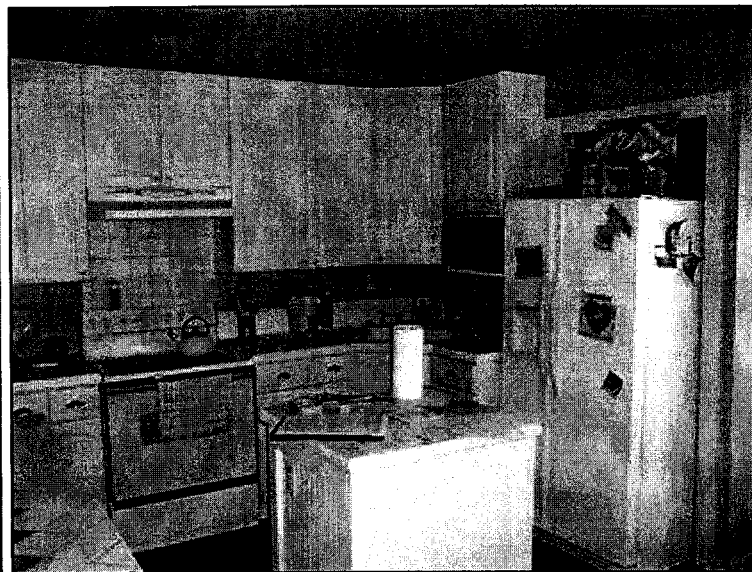
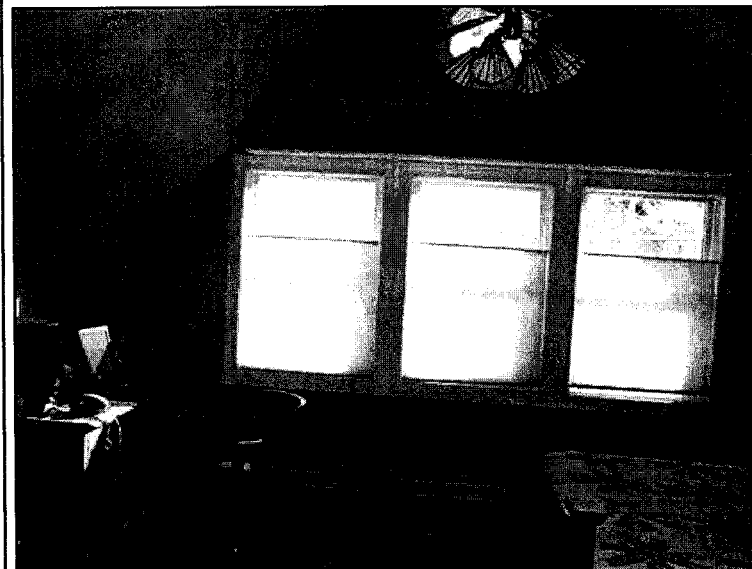
City Redstone

County Pitkin

State CO

Zip Code 81623

Lender or Client E.G. & G. Technical Service

410 REDSTONE BOULEVARD
FAMILY ROOM410 REDSTONE BOULEVARD
KITCHEN410 REDSTONE BOULEVARD
BEDROOM

PHOTOGRAPH ADDENDUM

Borrower or Owner N/A

Property Address 410 Redstone Boulevard

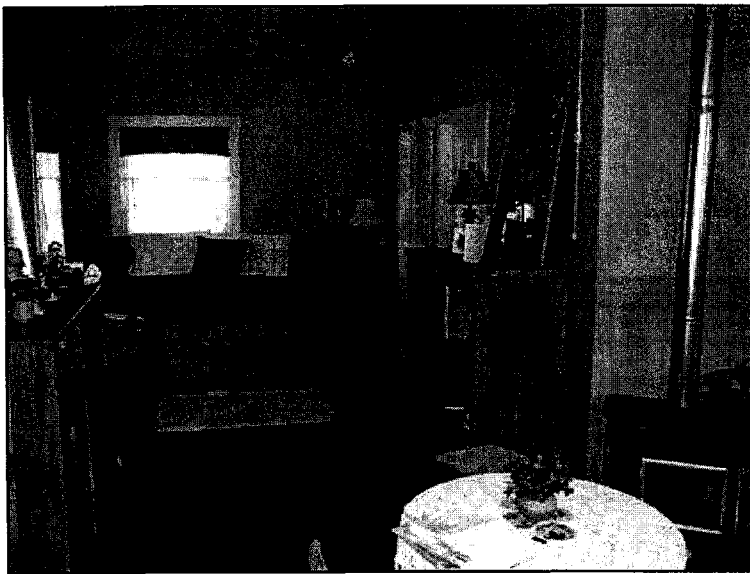
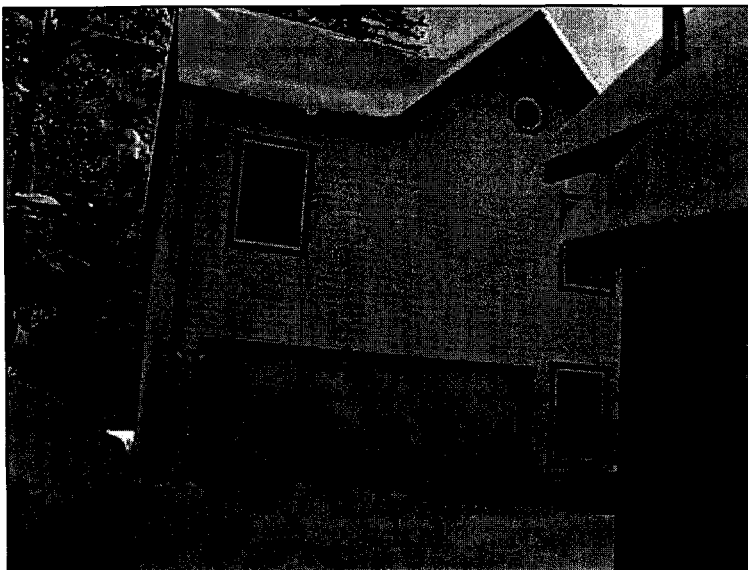
City Redstone

County Pitkin

State CO

Zip Code 81623

Lender or Client E.G. & G. Technical Service

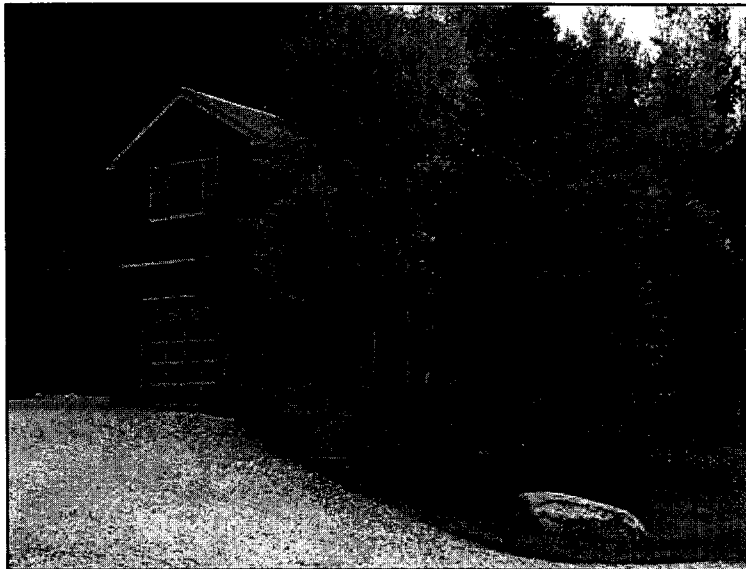
410 REDSTONE BOULEVARD
BATH410 REDSTONE BOULEVARD
STUDIO APARTMENT410 REDSTONE BOULEVARD
GARAGE

PHOTOGRAPH ADDENDUMBorrower or Owner **N/A**Property Address **410 Redstone Boulevard**City **Redstone** County **Pitkin**State **CO**Zip Code **81623**Lender or Client **E.G. & G. Technical Service****COMPARABLE #1**

2 Chair Mountain Drive
Crystal River Park

Price \$457,525
Price/SF 172.26
Date 07/27/2004
Age 1,994
Room Count 7-3-2
Living Area 2,656

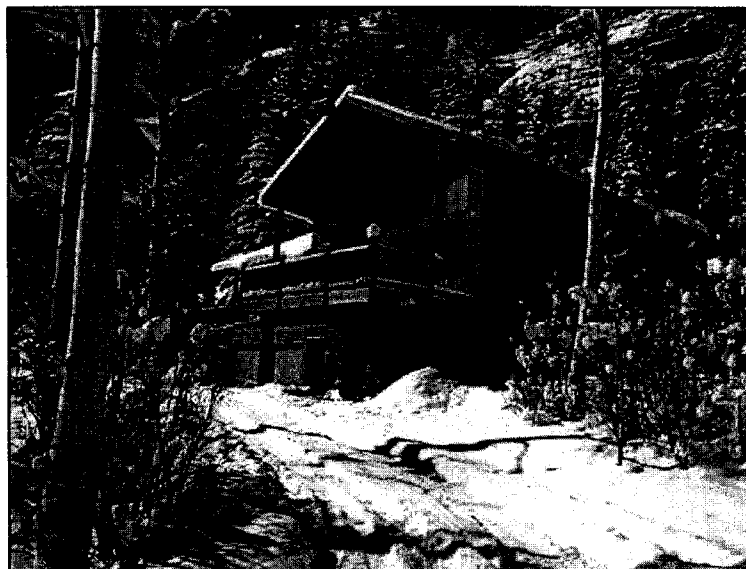
Value Indication \$445,100

**COMPARABLE #2**

144 Crystal Park Drive
Crystal River Park

Price \$540,000
Price/SF 244.34
Date 12/02/2004
Age Built 1981
Room Count 6-3-2.5
Living Area 2,210

Value Indication \$483,525

**COMPARABLE #3**

400 Crystal Park Drive
Crystal River Park

Price \$535,000
Price/SF 178.33
Date 08/27/2004
Age Built 1997
Room Count 7-4-2.5
Living Area 3,000

Value Indication \$449,275

PHOTOGRAPH ADDENDUM

Borrower or Owner N/A

Property Address 410 Redstone Boulevard

City Redstone

County Pitkin

State CO

Zip Code 81623

Lender or Client E.G. & G. Technical Service

**COMPARABLE #4**386 Redstone Boulevard
Redstone

Price \$450,000
 Price/SF 165.38
 Date Under contract
 Age Built 1989
 Room Count 8-3-2.5
 Living Area 2,721

Value Indication \$455,200

**COMPARABLE #5**112 Redstone Boulevard
Redstone

Price \$675,000
 Price/SF 337.50
 Date 07/29/2003
 Age 1901/1994
 Room Count 5-2-2.5
 Living Area 2,000

Value Indication \$484,275

**COMPARABLE #6**479 Redstone Boulevard
Redstone

Price \$520,000
 Price/SF 193.45
 Date 11/14/2002
 Age Built 1994
 Room Count 8-4-4
 Living Area 2,688

Value Indication \$447,675

LOCATION MAP

Borrower or Owner N/A

Property Address 410 Redstone Boulevard

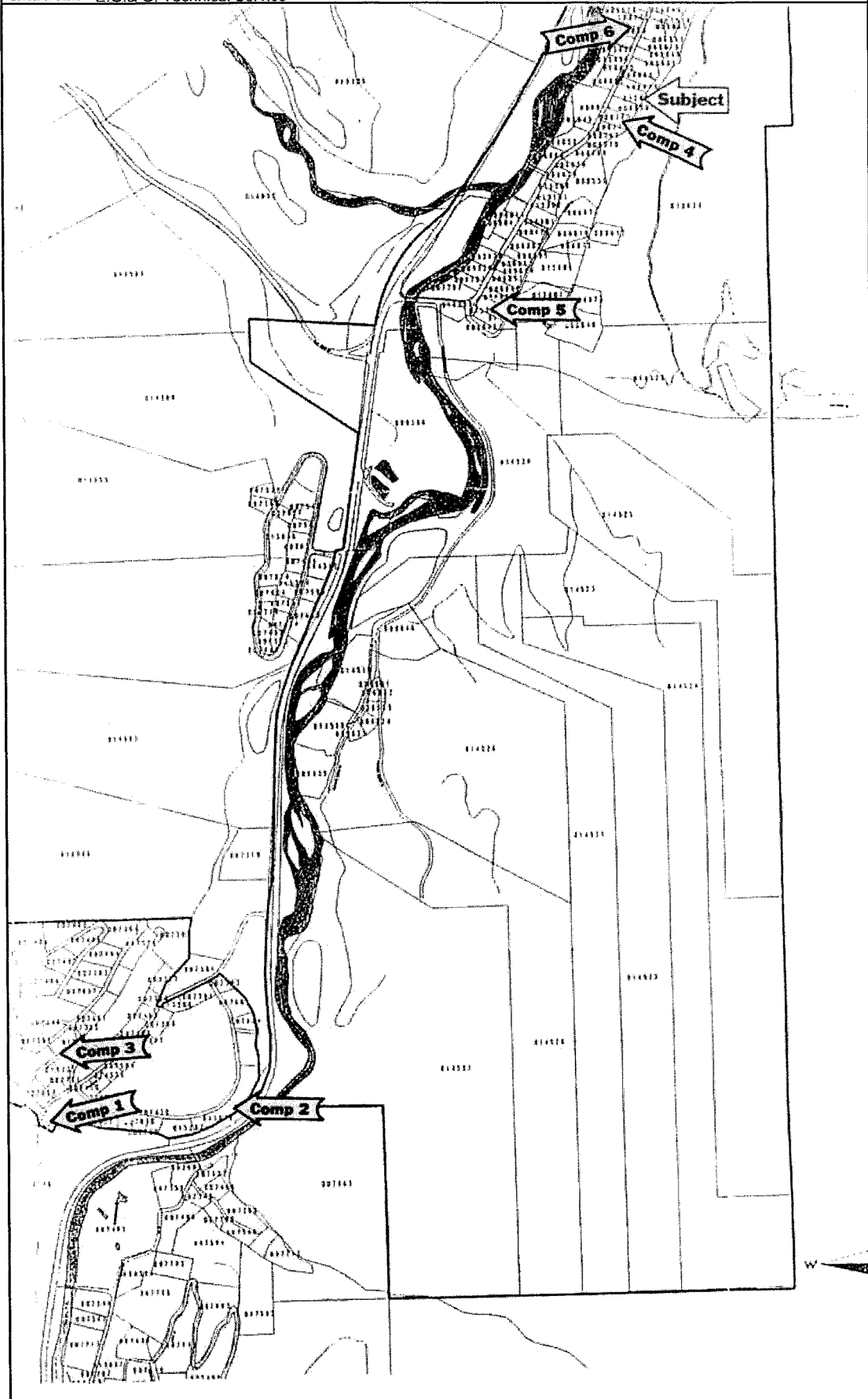
City Redstone

County Pitkin

State CO

Zip Code 81623

Lender or Client E.G. & G. Technical Service



APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 410 Redstone Boulevard, Redstone, CO 81623

APPRAISER:**SUPERVISORY APPRAISER** (only if required):

Signature: Clark Cretti
 Name: Clark Cretti
 Date Signed: January 14, 2005
 State Certification #: CR01313334
 or State License #: _____
 State: CO
 Expiration Date of Certification or License: 12/31/2004

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
☐ Did ☐ Did Not Inspect Property

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

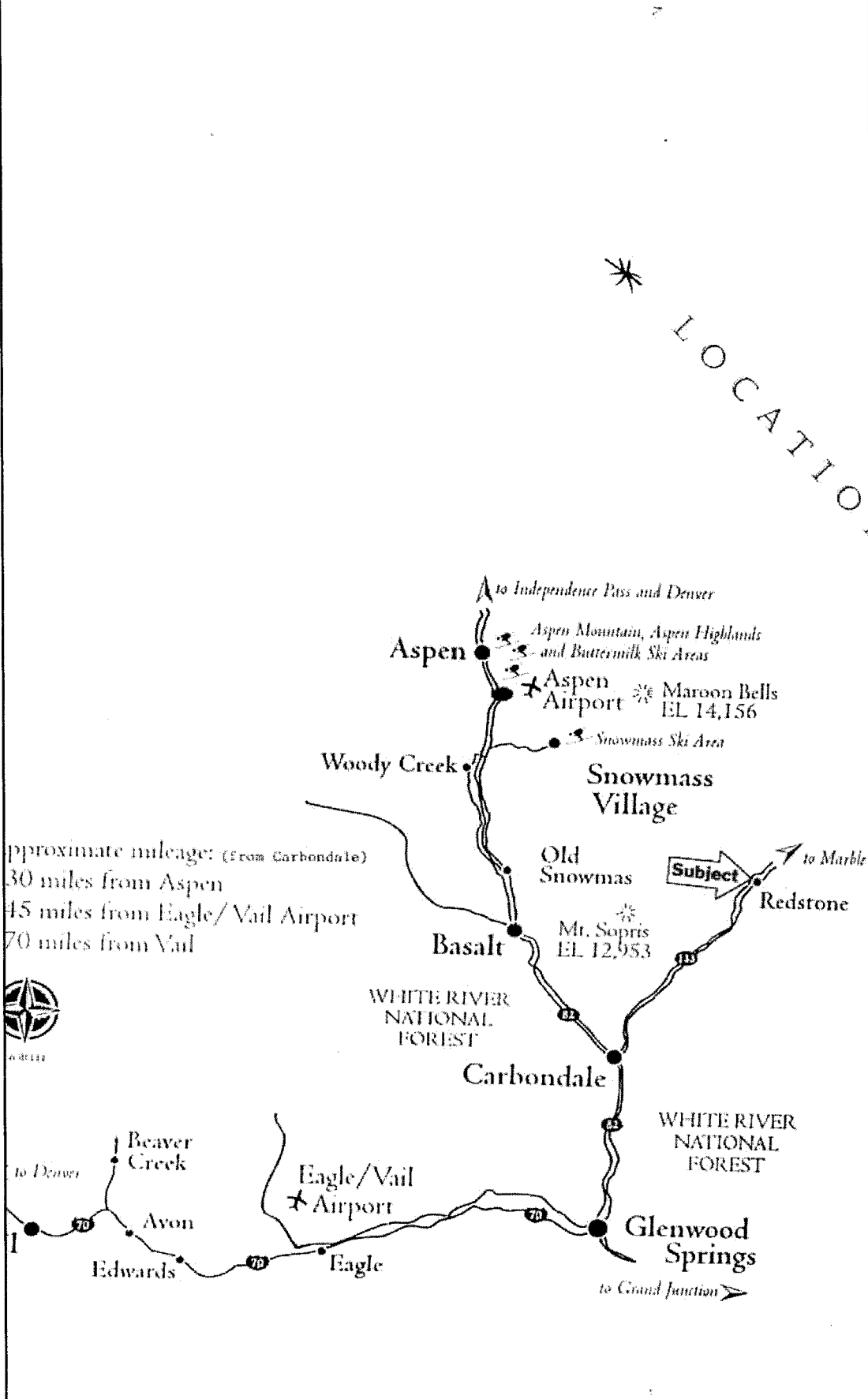
*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concessions but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. The separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

Borrower or Owner N/A			
Property Address 410 Redstone Boulevard			
City Redstone	County Pitkin	State CO	Zip Code 81623
Lender or Client E.G. & G. Technical Service			



FLOOD MAP

Borrower or Owner	N/A
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Property Address	410 Redstone Boulevard
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City Redstone

County Pitkin

State CO

Zip Code **81623**

Lender or Client **E.G.& G. Technical Service**

